IMPORTANT NOTICE

The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that there are no false records, misleading statements or material omissions in the 2017 interim report (this "Report"), and jointly and severally accept full legal responsibility for the truthfulness, accuracy and completeness of the information contained in this Report.

The Report has been reviewed and approved at the 11th meeting of the eighth session of the Board in 2017 (the "Meeting"). Mr. Wang Yuhang, Vice Chairman, was unable to attend the Meeting due to work reasons, and has authorised Mr. Liu Chong, non-executive Director, to vote on his behalf. All other Directors attended the Meeting.

The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises ("CASBE"). The interim financial statements and notes (the "2017 Interim Financial Report") of the Group for the six months ended 30 June 2017 prepared in accordance with CASBE in this Report have not been audited.

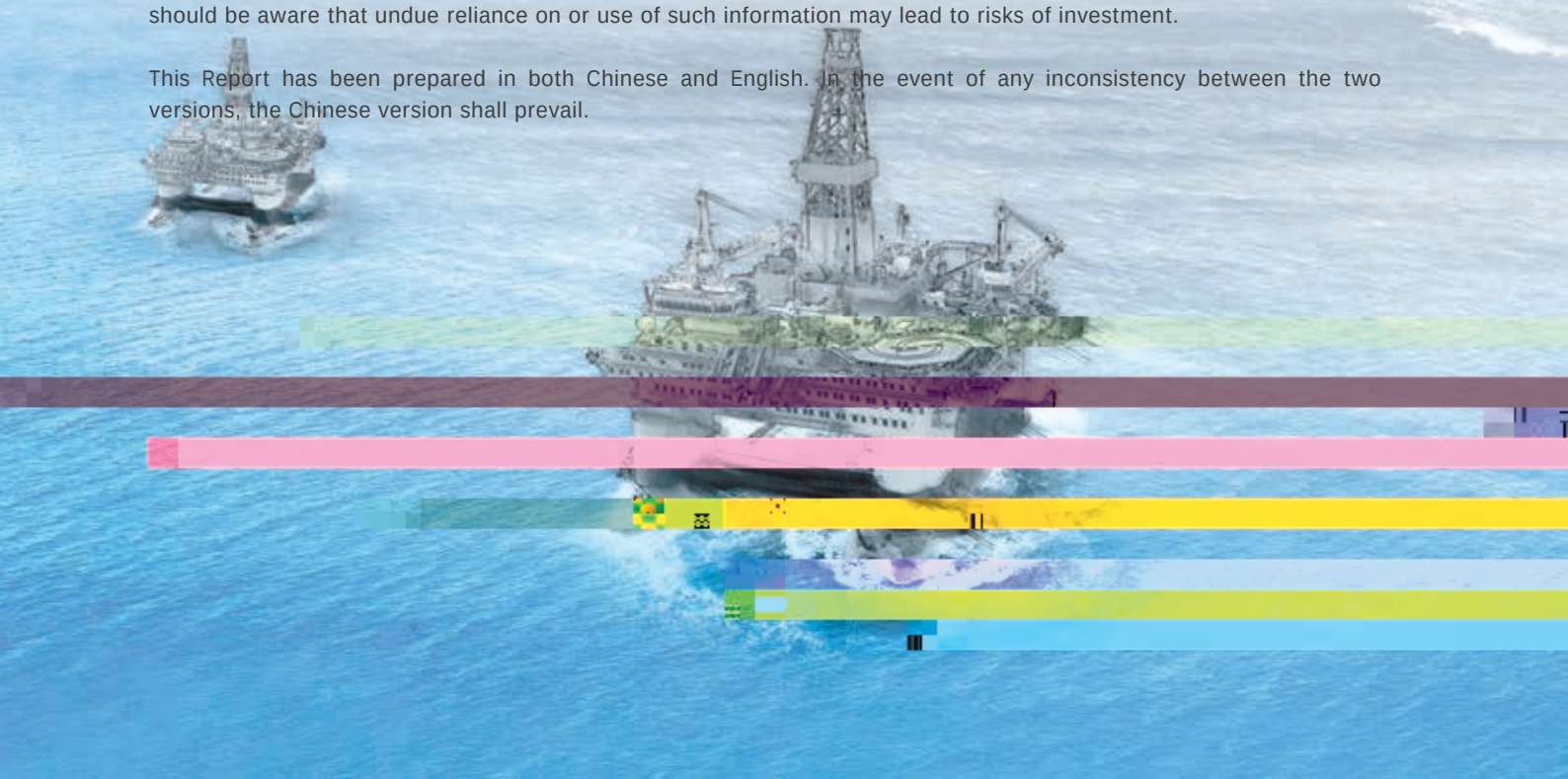
Mr. Wang Hong, person-in-charge of the Company and chairman of the Board, Mr. Mai Boliang, CEO and president, and Mr. Zeng Han, general manager of the financial management department, person-in-charge of accounting affairs and head of the accounting department (the financial controller), hereby warrant the truthfulness, accuracy and completeness of this Report and the 2017 Interim Financial Report.

Neither any controlling shareholder (including its subsidiaries) nor substantial shareholder (including its subsidiaries) of the Company has utilised the non-operating funds of the Company.

The Company proposed not to distribute any cash dividend, issue bonus shares or convert shares from reserves into share capital for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

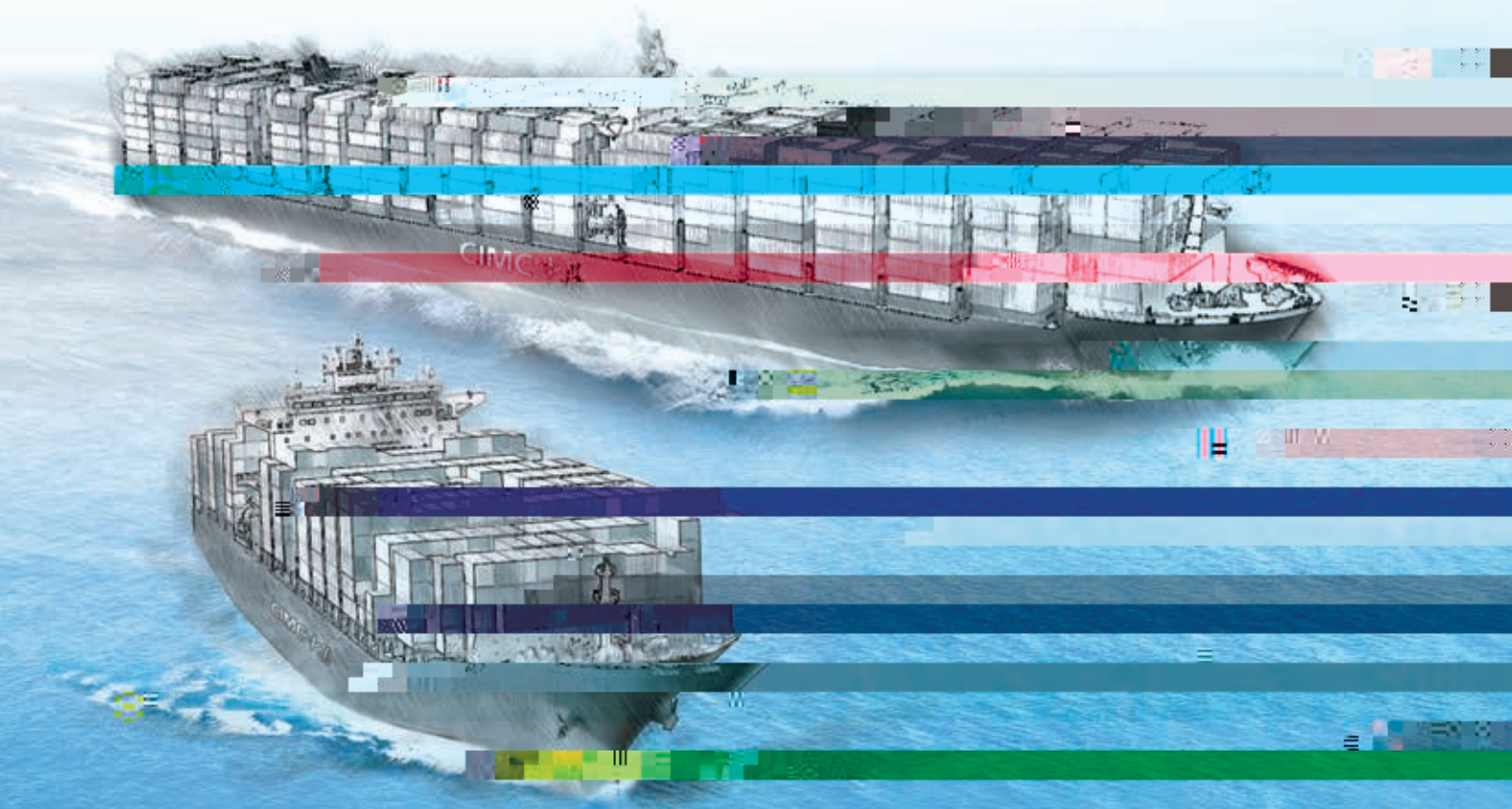
This Report contains certain forward-looking statements made on the basis of subjective assumptions and judgments on future policy and economic development in relation to the financial conditions, operating results and business of the Group, which are subject to a variety of risks, uncertainties and assumptions beyond the Group's control and with a high degree of uncertainty in nature. Therefore, the actual outcome may differ materially from such forward-looking statements. Such forward-looking statements are only the recent expectation of the Group on future events and are not guarantees for future business performance and do not constitute as an actual commitment to investors. Investors should be aware that undue reliance on or use of such information may lead to risks of investment.

This Report has been prepared in both Chinese and English. In the event of any inconsistency between the two versions, the Chinese version shall prevail.



CONTENTS

Definitions		02
Glossary		05
Chapter I	Corporate Profile	06
Chapter II	Summary of Accounting Data and Financial Indicators	08
Chapter III	Report of the Board	12
Chapter IV	Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules	29
Chapter V	Management Discussion and Analysis Prepared in Accordance with Hong Kong Securities Rules	43
Chapter VI	Significant Events	49
Chapter VII	Changes in Share Capital and Information on Substantial Shareholders	70
Chapter VIII	Information on Directors, Supervisors and Senior Management	78
Chapter IX	2017 Interim Financial Report (Unaudited)	81
Chapter X	Documents Available for Inspection	304



Definitions

For the purpose of this Report, unless the context otherwise requires, the following terms shall have the meanings set out below:

Items	Definitions
"A Share(s)" (or "RMB-denominated Ordinary Share(s)")	domestic ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi.
"A Share(s) Share Option Incentive Scheme"	share option incentive scheme of China International Marine Containers (Group) Co., Ltd. considered and approved at the extraordinary general meeting of the Company on 17 September 2010.
"Articles of Association"	The Articles of Association of China International Marine Containers (Group) Co., Ltd..
"Board"	the Board of the Company.
"C&C Trucks"	C&C Trucks Co., Ltd. (集瑞聯合重工有限公司), a company incorporated in the PRC with limited liability on 12 March 2009 and a non-wholly-owned subsidiary of the Company.
"CASBE"	Accounting Standards for Business Enterprises – Basic Standard and 38 Specific Accounting Standards issued by the Ministry of Finance of the People's Republic of China on 15 February 2006, and application guidance and interpretations to CASBE and other related regulations subsequently issued.
"CFSE"	China Fire Safety Enterprise Group Limited, a company listed on the main board of the Hong Kong Stock Exchange (stock code: 445) and an associated company of the Company.
"China COSCO Shipping"	China COSCO Shipping Corporation Limited, a company incorporated in the PRC with limited liability in February 2016 and was the indirect second largest shareholder of the Company as at the date of this Report.
"China Merchants Group"	China Merchants Group Limited, a company incorporated in the PRC with limited liability on 14 October 1986 and was the indirect largest shareholder of the Company as at the date of this Report.
"CIMC" or "Company"	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Hong Kong Stock Exchange.
"CIMC Enric"	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company incorporated in the Cayman Islands with limited liability on 28 September 2004 and listed on the main board of the Hong Kong Stock Exchange (stock code: 3899) and a non-wholly-owned subsidiary of the Company.
"CIMC Finance Company"	CIMC Finance Co., Ltd., a company incorporated in the PRC with limited liability on 9 February 2010 and a wholly-owned subsidiary of the Company.

"CIMC Financial Leasing Company"	CIMC Financial Leasing Co., Ltd., a company incorporated in the PRC with limited liability on 30 July 2007 and a wholly-owned subsidiary of the Company.
"CIMC Hong Kong"	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a company incorporated in Hong Kong with limited liability on 30 July 1992 and a wholly-owned subsidiary of the Company.
"CIMC Multimodal Transport"	CIMC Multimodal Transport Development Co., Ltd. (中集多式聯運發展有限公司), a company incorporated in the PRC with limited liability on 29 March 2016 and a non-wholly-owned subsidiary of the Company.
"CIMC Offshore Engineering"	CIMC Offshore Engineering Co., Ltd., a company incorporated in the PRC with limited liability on 21 July 2016 and a wholly-owned subsidiary of the Company.
"CIMC Raffles"	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore with limited liability on 7 March 1994 and a wholly-owned subsidiary of the Company.
"CIMC Skyspace Real Estate"	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd., a company incorporated in the PRC with limited liability on 24 November 1998 and a non-wholly-owned subsidiary of the Company.
"CIMC Tianda"	Shenzhen CIMC-Tianda Airport Support Co., Ltd. (深圳中集天達空港設備有限公司), a company incorporated in the PRC with limited liability on 18 July 1992 and a non-wholly-owned subsidiary of the Company.
"CIMC Vehicle (Group)"	CIMC Vehicle (Group) Co., Ltd. (中集車輛(集團)有限公司), a company incorporated in the PRC with limited liability on 29 August 1996 and a non-wholly-owned subsidiary of the Company.
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules.
"CSRC"	China Securities Regulatory Commission.
"Director(s)"	the director(s) of the Company.
"Group", "we", "our" and "us"	the Company and its subsidiaries.
"H Share(s)" (or "Overseas-listed Foreign Share(s)")	overseas-listed foreign ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars.
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC.
"Hong Kong Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Definitions

"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules.
"PRC" or "China"	the People's Republic of China.

"PR7(223P.824U)7ng Sting R23PRdollarsk Exchange"

This glossary contains certain definitions of technical terms used in this Report in connection with the Group. Some of these definitions may not correspond to standard industry definitions or usage.

Items	Definitions
CNG	Compressed Natural Gas.
FLNG	Floating Liquefied Natural Gas.
FPSO	Floating Production Storage and Offloading.
FSRU	Floating Storage and Regasification Unit.
HSE	Health, Safety and Environment.
GSE	Ground Support Equipment, refers to airport equipment used to ensure flight safety. To meet the requirements for aircraft maintenance and flights, airports are equipped with a variety of modern ground support equipment, including but not limited to mechanical, electric, hydraulic and special gas equipment.
Jack-up Drilling Platform	A jack-up drilling platform is a mobile oil rig commonly used for shallow water operation. Most jack-up rigs operate in water depths ranging from 250 to 400 feet. This oil drilling equipment is generally used for mounting machinery, power supply, equipment and accommodation facilities for drilling and certain liftable spud legs on a platform floating on the water.
LNG	Liquefied Natural Gas.
LPG	Liquefied Petroleum Gas.
Modular Building	the building manufactured in a factory environment and transported to a prepared project site to be installed.
ONE Model	Optimization Never Ending, the lean management system of the Group.
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environmental aspects.
Semi-submersible Drilling Platform	A semi-submersible drilling platform is a mobile oil rig; the upper part of the hull structure is the working deck and the lower part comprises two lower hulls, with the parts connected by support columns. When in operation, the lower hulls are submerged into the water. A semi-submersible platform is generally used in deep seas with water depths ranging from 600-3,600m. The platform typically uses a dynamic positioning system for positioning.
TEU	Twenty-foot equivalent unit, also known as a standard unit (a container with a length of 20 feet, a height of 8 feet and 6 inches and a width of 8 feet), being used to measure the volume of a container.
VOCs	Volat Tw 2.824 Tdr5 omprund .

I. COMPANY PROFILE

Legal Chinese Name:	中國國際海運集裝箱(集團)股份有限公司
Abbreviated Chinese Name:	中集集團
English Name:	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 Head Office:	8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC
Postal Code:	518067
Company Website:	http://www.cimc.com
Email Address:	shareholder@cimc.com
Principal Place of Business in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Uniform Social Credit Code:	91440300618869509J

II. CONTACT PERSONS AND MEANS OF COMMUNICATION

Secretary to the Board, Company Secretary:	Yu Yuqun
Assistant Company Secretary:	Shen Yang
Contact Address:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)
Contact Telephone:	(86) 755-2669 1130
Facsimile:	(86) 755-2682 6579
Email Address:	shareholder@cimc.com
Representative of Securities Affairs:	Wang Xinjiu
Contact Address:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)
Contact Telephone:	(86) 755-2680 2706
Facsimile:	(86) 755-2681 3950
Email Address:	shareholder@cimc.com

III. INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

Designated Newspapers for Information Disclosure:	A Shares: China Securities Journal, Securities Times and Shanghai Securities News
Authorised Websites on which this Report is Made Available:	A Shares: http://www.cninfo.com.cn H Shares: http://www.hkexnews.hk
Company Website:	www.cimc.com
Places at which this Report is Available:	Office of the Secretary to the Board of CIMC, 9th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)

IV. STOCK INFORMATION OF THE COMPANY

Stock Exchange on which A Shares are Listed:	Shenzhen Stock Exchange
Abbreviated Stock Name for A Shares:	CIMC
Stock Code:	000039
Stock Exchange on which H Shares are Listed:	Hong Kong Stock Exchange
Abbreviated Stock Name for H Shares:	CIMC, ZJHD (Note)
Stock Code:	2039, 299901 (Note)

Note: Both the abbreviated stock name and the stock code are only used by the original B Shareholders of the Company in the PRC in respect of their trading of H Shares of the Company after H Shares of the Company were listed on the Hong Kong Stock Exchange.

Whether the registered address, office address, postal code, website and email address of the Company were changed during the Reporting Period

☐ Applicable √ Not applicable

Whether the information disclosure and locations for documents for inspection were changed during the Reporting Period

☐ Applicable √ Not applicable

Whether the registration was changed during the Reporting Period

☐ Applicable √ Not applicable

Whether other relevant information is changed during the Reporting Period

☐ Applicable √ Not applicable

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Retrospective adjustment to or restatement of the accounting data for prior years by the Company

☐ Yes √ No

Unit: RMB thousand

Consolidated income statement items	The Reporting Period (January – June 2017) (unaudited)	The same period of the previous year (January – June 2016) (unaudited)	Changes from the same period of the previous year to the Reporting Period (%)
Revenue	**33,387,152**	23,542,843	41.81%
Operating profit	**1,524,203**	(318,988)	577.82%
Total profit	**1,576,142**	(165,844)	1,050.38%
Operating profit	**509,633**	375,316	35.79%
Net profit for the current period	**1,066,509**	(541,160)	297.08%
Net profit attributable to Shareholders and other equity holders of the Company	**796,898**	(378,034)	310.80%
Minority profit/(loss)	**269,611**	(163,126)	265.28%
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	**865,083**	(502,200)	272.26%

Unit: RMB thousand

Consolidated balance sheet items	As at the end of the Reporting Period (30 June 2017) (unaudited)	As at the end of previous year (31 December 2016) (audited)	Changes from the end of previous year to the end of the Reporting Period (%)
Total current assets	**57,457,050**	53,352,031	7.69%
Total non-current assets	**72,041,804**	71,262,717	1.09%
Total assets	**129,498,854**	124,614,748	3.92%
Total current liabilities	**53,634,687**	46,249,215	15.97%
Total non-current liabilities	**35,992,284**	39,230,741	(8.25%)
Total liabilities	**89,626,971**	85,479,956	4.85%
Total shareholders' equity	**39,871,883**	39,134,792	1.88%
Equity attributable to:			
Shareholders and other equity holders of the Company	**29,822,813**	29,285,970	1.83%
Minority interests	**10,049,070**	9,848,822	2.03%
Share capital (shares)	**2,980,352,786**	2,978,576,986	0.06%

Unit: RMB thousand

Consolidated cash flow statement items	The Reporting Period (January – June 2017) (unaudited)	The same period of the previous year (January – June 2016) (unaudited)	Changes from the same period of the previous year to the Reporting Period (%)
Net cash flows from/(used in) operating activities	**(668,216)**	933,732	(171.56%)
Net cash flows from/(used in) investing activities	**(1,507,729)**	(5,376,277)	71.96%
Net cash flows from/(used in) financing activities	**1,875,660**	5,570,910	(66.33%)

	As at the end of the Reporting Period 30 June 2017 (unaudited)	As at the end of previous year 31 December 2016 (audited)	Changes from the end of previous year to the end of the Reporting Period (%)
Balance of cash and cash equivalents at the end of the period	**5,940,423**	6,338,667	(6.28%)

Key Financial Indicators

	The Reporting Period (January – June 2017) (unaudited)	The same period of the previous year (January – June 2016) (unaudited)	Changes from the same period of the previous year to the Reporting Period (%)
Basic earnings per share attributable to shareholders of the Company (RMB/share)	**0.2554**	(0.1444)	276.87%
Diluted earnings per share attributable to shareholders of the Company (RMB/share)	**0.2544**	(0.1444)	276.18%
Weighted average return on net assets (%)	**2.76%**	(1.64%)	4.40%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	**3.00%**	(2.11%)	5.11%
Net cash flows from/(used in) operating activities per share (RMB/share)	**(0.22)**	0.31	(170.97%)

	As at the end of the Reporting Period (30 June 2017) (unaudited)	As at the end of previous year (31 December 2016) (audited)	Changes from the end of previous year to the end of the Reporting Period (%)
Net assets per share attributable to Shareholders and other equity holders of the Company (RMB/share)	**10.01**	9.83	1.83%
Gearing ratio (%) (Note)	**69.21%**	68.60%	0.61%

Note: The gearing ratio was calculated based on the Group's total debts divided by our total assets as at the respective dates.

II. DIFFERENCES IN ACCOUNTING DATA UNDER DOMESTIC AND FOREIGN ACCOUNTING STANDARDS

1. Differences in net profits and net assets prepared under International Accounting Standards and CASBE

☐ Applicable √ Not applicable

There was no difference in net profits and net assets prepared under International Accounting Standards and CASBE during the Reporting Period.

2. Differences in net profits and net assets prepared under foreign accounting standards and CASBE

☐ Applicable √ Not applicable

There was no difference in net profits and net assets prepared under foreign accounting standards and CASBE during the Reporting Period.

3. Reason for differences in accounting data under domestic and foreign accounting standards

☐ Applicable √ Not applicable

III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNT

√ Applicable ☐ Not applicable

Unit: RMB thousand

	Amount (January – June 2017)

Chapter III Report of the Board

I. BUSINESS SUMMARY

The Group is principally engaged in the manufacture of modern transportation equipment, energy, chemical and liquid food equipment, offshore engineering equipment and airport facilities, as well as the provision of relevant services, including the design, manufacture and service

During the Reporting Period, the accumulated sales volume of ordinary dry containers of the Group reached 535,700 TEUs (same period in 2016: 238,300 TEUs), representing a year-on-year increase of 124.80%; the accumulated sales volume of reefer containers reached 35,100 TEUs (same period in 2016: 22,300 TEUs), representing a year-on-year increase of 57.40%. The container business of the Group recorded a revenue of RMB10,049.055 million (same period in 2016: RMB4,898.618 million), representing a year-on-year increase of 105.14%; and the net profit was RMB681.102 million (same period in 2016: recording a net loss of RMB139.632 million), gaining profit again from the loss-recorded previous year.

In the first half of 2017, the demand in the standard dry container industry of the Group increased, and the number of orders was higher than expected. As the production of oil-based painted containers fully suspended in standard dry container manufacturing enterprises in China from 1 April 2017, the container domestic production lines experienced the peak season of production suspension for upgrade of water-based painted containers. The Group strived to shorten the period of production line upgrade of water-based painted containers and meet the demands of clients. The Group was able to proceed with the standard dry water-based painted container upgrade on schedule. Meanwhile, our market share had recovered to normal level from the low level in the previous year, with excellent results achieved. In addition, in response to the government requirement and in compliance with the policy direction, the Group made greater investment in HSE in the container manufacturing business during the Reporting Period. The construction standard of plants had reached a higher level. The relocation project of containers in Fenggang of Dongguan City progressed in an orderly way, and it is expected that the Phase I of this project will be put into operation at the beginning of the next year.

Road Transportation Vehicle Business

With "the world's local manufacturing group (全球運營，地方智慧)" as its business philosophy, CIMC Vehicle (Group), a subsidiary of the Group, is a globally leading road transportation vehicle manufacturing group, providing with global customers various special vehicle products, key parts of special vehicles and sales services. CIMC Vehicle (Group) has established 25 production and research and development bases in China, Northern America, Europe and emerging markets, and developed different product lines for special vehicles consisting of 10 series and more than 1,000 models, including container semi-t2.7(p sre)0.5(r)6Elatbed/

During the Reporting Period, by virtue of the business growth in Chinese and European markets, the Group's road transportation vehicle business achieved sales of 81,468 units (same period in 2016: 58,231 units), representing a year-on-year increase of 39.90%. It recorded revenue (excluding the heavy truck business) of RMB9,719.601 million (same period in 2016: RMB7,013.354 million), representing a year-on-year increase of 38.59%, and achieved net profit (excluding the heavy truck business) of RMB568.016 million (same period in 2016: RMB361.893 million), representing a year-on-year increase of 56.96%.

During the Reporting Period, CIMC Vehicle (Group) continued promoting the global operation management steadily, enhanced the operational efficiency of assets of each business unit and the corporate profitability, and focused on the investment and development of the incremental business and the innovation business of each business unit to realise the growth with quality. In the PRC market, as CIMC Vehicle (Group) fully stimulated the enterprise vitality, continued to grasp the popular trend towards replacement with light trucks and opportunities in market segments and enlarged its marketing strength and scope in the first half of this year, the Group completed more than 55% of the annual target in terms of revenue and profit of its domestic business. In the overseas market, in order to eliminate the effects of cyclical decline in the market, CIMC Vehicle (Group) actively expanded its product coverage in the North American market, and focused on its leading

During the Reporting Period, the major business segments of CIMC Enric devoted themselves to focusing on customers' needs, improving core technology reserve and enhancing business competitiveness. (1) The energy equipment business segment carried out continuous multi-dimension reform on smart products, customised services, and operation management data. Its overseas businesses achieved unified management on marketing for improving market responding capability. The segment also strived to explore new businesses and new service models to seek business opportunities for hydrogen energy, distributed power generation, EPC system solutions, operating lease and other projects. (2) During the Reporting Period, against the backdrop of slow growth in overall market demand for the products in the chemical equipment business segment, the tank container business of CIMC Enric delivered outstanding performance amidst the fierce market competition. Standard tank containers, gas tank containers, LNG tank containers and railway tank containers all recorded excellent performance. (3) After consolidating Ziemann and Briggs Group Limited, the liquid food equipment business segment had become a supplier of comprehensive turn-key project solutions for beer, spirit and other liquid food manufacturers and pharmaceutical companies. Meanwhile, the segment kept a foothold in China and Europe and expanded its production capacity in China and its market network in Asia by consolidating Ziemann Holvrieka Asia Company Limited.

As mentioned in the 2016 Interim Report, 2016 Annual Report and the relevant announcements of the Company, on 1 June 2016, CIMC Enric terminated the acquisition of all equity interest in SOE from the vendors and the provision of financial assistance to SOE due to the failure in fulfillment or waive of certain conditions precedent set out in the relevant agreements by SOEG PTE LTD, Jiangsu Pacific Shipbuilding Group Co., Ltd. and Evergreen Group Co., Ltd., and requested the vendors to refund the prepaid consideration and SOE to return the loan and the guarantee of bank loan. After a comprehensive and careful assessment on the impairment risks and collectability of the amount receivables, CIMC Enric made impairment provision of RMB1,214.880 million in total for the amounts due from the vendors and SOE in the interim period of 2016, and made further provision at the end of 2016, resulting in a total amount of provision of RMB1,362.915 million for the whole year. Accordingly, CIMC Enric incurred net loss in the interim period of 2016 and the year 2016, and the Company recorded a net loss in the interim period of 2016 and a significant decline in net profit in the year 2016.

Considering that SOE is under receivership of the Receiver and its business and assets may supplement and collaborate with the business of CIMC Enric, on 5 July 2017, CIMC Enric, through its wholly-owned subsidiary CIMC Enric Investment Holdings (Shenzhen) Ltd., entered into the Restructuring Investment Agreement with SOE and SOE Bankruptcy and Liquidation Team* (南通太平洋破產清算組) to propose to acquire the entire equity interest in SOE to purchase the major assets of SOE. On 4 August 2017, the SOE Restructuring Plan was approved by SOE's creditors at the creditors' meeting and was approved by the court in China in accordance with the relevant laws in China. SOE will implement the Restructuring Plan under the supervision of the Receiver accordingly. On 15 August 2017, SOE has become an indirect wholly-owned subsidiary of CIMC Enric pursuant to the Restructuring Investment Agreement and the Restructuring Plan and has become an indirect non-wholly-owned subsidiary of the Group. SOE renamed as "南通中集太平洋海洋工程有限公司" (Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd.*). For details, please refer to the relevant announcements published by the Company on 6 July, 4 August and 16 August 2017. According to the solvency analysis report provided by the Receiver, the recoverable amount of the amount due from SOE of CIMC Enric was estimated to be RMB190.521 million as at 30 June 2017. Accordingly, CIMC Enric will make additional provisions of RMB105.549 million for impairment for the Reporting Period. Such provisions also included in the 2017 consolidated interim financial report of the Group.

Offshore Engineering Business

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

In the first half of 2017, by virtue of the bottoming out of the international oil prices, the turnover of the global offshore engineering equipment market increased as compared with the same period of the previous year. In spite of the historically lower turnover, signs of bottoming out emerged. The investment in respect of global oil and gas development stopped declining, gradually stabilised and slightly improved; the utilisation rate and daily rentals of semi-submersible drilling platforms started to recover slowly from its all-time low recorded early this year; and the number of quotations and tender projects in offshore engineering market increased.

However, under the significant impact of the continued downturn in the industry and due to reasons such as the shrink in new orders acquired and the postponed delivery of the orders on hand, during the Reporting Period, the offshore engineering business of the Group recorded a sales revenue of RMB1,214.509 million (same period in 2016: RMB3,703.689 million), representing a year-on-year significant decrease of 67.21%, and a net loss expanding to RMB550.421 million (same period in 2016: net loss of RMB3.988 million).

In the severe industry environment, CIMC Raffles strived to develop a variety of business models to explore market potential. During the Reporting Period, CIMC Raffles acquired new orders

In the first half of 2017, the global economy recovered moderately. In spite of the stabilised and favourable imports and exports, a number of political uncertainties remained. In view of the intense competition in the domestic logistics industry with oversupply, the shipping price remained low and there was no significant improvement in the performance of enterprises. In addition, factors such as more stringent environmental protection polices in China also affected the equipment manufacturing business in the logistics segment.

During the Reporting Period, the Group's logistics business achieved sales revenue of RMB3,751.202 million (same period in 2016: RMB3,218.617 million), representing a year-on-year increase of 16.55%, and net profit of RMB57.340 million (same period in 2016: RMB68.434 million), representing a year-on-year decrease of 16.21%. During the Reporting Period, as affected by the adjustment in the business line in Mongolia, the gross profit margin of this business segment declined, resulting in a year-on-year decrease in net profit.

In the first half of 2017, the logistic service business of the Group steadily pushed forward the four major business lines. (1) The container services business line specified the development strategies for its seven key products during the 13th Five Year Plan, namely vacant/loaded container yards, tank container yards, wharf services, railway yards and stations, services for reefer containers, trading of new/old containers and global container operation and management. It realised the layout of container yards in Southeast Asia (Thailand and Vietnam) and the network distribution of container yards in overseas. It also enhanced the sales performance of second-hand containers by expanding sales channels and broadening sources of containers. (2) The shipping and project logistic services business line actively seized the market opportunities arising from the national strategy, the "Belt and Road", so as to expand its shipping and freight forwarding, project logistics and contract logistics businesses. It enhanced and strengthened the services network of freight forwarding in coastal regions such as Xiamen and Shenzhen and optimised the national layout of shipping forwarding in order to facilitate the collaboration of shipping and freight forwarding. By creating synergy with the container services business line and taking Thailand and Vietnam as the starting points, it gradually carried out business expansion in target regions including other Southeast Asian countries, and rapidly acquired the network distribution and superior resources for the "Belt and Road" in the Middle East and Central Asia by cooperating more closely with regional leading enterprises in terms of business and capital. (3) The rail-water transport business line kept on putting effort into business focusing and organisation optimisation. CIMC Kaitong Logistics

Heavy Truck Business

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

In the first half of 2017, by virtue of the implementation of the new national standard GB1589-2016, governance on vehicle overload, phasing out yellow-label vehicles and other factors and affected by the implementation of proactive financial policies by the government, the domestic heavy truck market continued to deliver excellent performance. In light of the traditional peak season of the heavy truck market in early this year and the commencement of infrastructure projects in various prefecture-level cities, the procurement demand for heavy trucks increased, which facilitated the significant growth of the sales of heavy trucks.

During the Reporting Period, the sales of C&C Trucks amounted to 4,438 units (same period in 2016: 3,003 units), representing a significant year-on-year increase of 47.79%, which maintained significant sales growth for two consecutive years. The sales revenue amounted to RMB1,283.201 million (same period in 2016: RMB860.359 million), representing a substantial year-on-year increase of 49.15%, and the net loss reduced to RMB42.814 million (same period in 2016: net loss of RMB96.523 million), recording a decrease of loss of 55.64% as compared with the same period of the previous year.

During the Reporting Period, C&C Trucks kept

In the first half of 2017, the regulation policies on real estates in popular cities in China kept tightening with the intensification of purchasing restrictions on houses and lending restrictions as well as other regulatory measures. The government also introduced the “restriction on sales” model with expanding scope while strengthening financial regulation on real estate in order to curb the demand for investment and speculation. Under the guidance of the tightened policy control, the real estate market resumed to a more rational level. The overall turnover of the housing market represented a year-on-year decrease with obvious discrepancies between different cities.

During the Reporting Period, the Group’s real estate business achieved revenue of RMB297.664 million (same period in 2016: RMB315.698 million), representing a year-on-year decrease of 5.71%, and net profit of RMB65.035 million (same period in 2016: RMB42.775 million), representing a year-on-year increase of 52.04%, which was mainly due to the receipt of agency service fee for the land reserve at the end of last year during the Reporting Period.

In the first half of 2017, CIMC Skyspace Real Estate strengthened its effort into the expansion of industrial parks, and the model of industrial parks became more mature. In March 2017, it established a project company for an industry park in Beijing West and accelerated the implementation of an industrial real estate project in the New Shougang Comprehensive Service Zone in Beijing. In April, CIMC Elite Apartment was open in Song Shan Lake,

In the first half of 2017, the macroeconomic environment in China sustained the stable and favourable momentum since the second half year of the previous year. The prosperity of the industries related to the Group was significantly enhanced. Embracing the market opportunities, CIMC Financial Leasing Company continued to deepen the integration of industry and finance from three dimensions of "breadth, depth and mechanism", increased its investment in transportation, logistics and other markets, focused on optimising asset structure and improve the quality of customers so as to achieve healthy and sustainable growth. Under the business directions of reducing cost and improving efficiency, being prudent and steady and maintaining quality growth, its asset size gradually expanded in the first half of this year with further improvement in asset quality and operation efficiency.

In the first half of 2017, the keynote of the national monetary policy changed to "prudent and neutral". Prevention and control on financial risk were placed in a more important position during the implementation of various financial policies and regulatory measures. Against the backdrop of "tightening currency" and "strengthening regulation", during the Reporting Period, by further implementing centralised management on funds and following the industry demand, CIMC Finance Company strengthened the deep integration with business segments and gave play to its functions in financial services. The total investment in financial services exceeded RMB6,200 million in the first half of this year. In respect of building financial service capacity, the Finance Company obtained the approval to participate in the Shanghai Commercial Paper Exchange to improve its operation capacity of commercial papers. At the same time, it further expanded the scope of foreign enterprises for its cross-border two-way Renminbi capital pool and extended its services to various business segments. By making innovation in the products and ways of financial services, it also strived to reduce financial costs and improve capital efficiency of the Group in order to improve both the quality and efficiency of business development. In respect of risk prevention and control, the CIMC Finance Company fully evaluated the impact of change in risk factors from the perspective of the whole Group, optimised the management and control on risk red line and strengthened the awareness in risk management and control so as to ensure the stable development of financial business of the Group.

Other Businesses

During the Reporting Period, the modular building business of the Group sustained stable development under a one-stop service model of "manufacturing + finance + service" integrating industry and finance. As for the international market, it entered into the first formal agreement for a mass production project in the U.S., achieving a breakthrough from zero in the U.S. market. With further deepened cooperation with customers, it is expected to enter into an agreement for the first batch order of high-rise buildings in the Australian market in the second half of this year. The delivery of a number of Hampton by Hilton hotels including those in Aberdeen Airport and Bristol Airport in the U.K. was completed successfully, which further consolidated the market position of the modular building products of the Group in the U.K. It has become one of the major suppliers in the hotel market in the U.K. In the African market, the first agreement for model home was entered into. It is expected that batch orders will be acquired in the second half of this year. As for the domestic market, the steel structure integration modular building system procedures of the Group was approved at the final examination and has become an important approach to lead and develop the domestic modular building market. Meanwhile, a breakthrough was achieved in the building precast factory pre-installation project under independent R&D, which was an emblematic initiative for development into high-rise buildings of the modular business of the Group, indicating the further completion of the factory for modular building. The modular building business has entered into the domestic market with major projects under construction in Shenzhen, Jiangmen and other regions. It is expected to deliver those projects in the second half of this year.

In the second half of 2017, the Group's modular building business will further consolidate its existing markets including the U.K. and Australia and will also put much more effort into the expansion of new markets such as Africa and Northern Europe so as to diversify its markets. In the domestic market, the implementation of the "Belt and Road", the construction of Xiong'an Nw m Ccs6(e(Africoll fu,)37( )10c 0.026 Tw 0 -1.4(nlemenrcepr ccieusinessbr(buiabout TDopp

In respect of the road transportation vehicle business, in the second half of 2017, the periodical demand of the semi-trailer industry in the United

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

In respect of the real estate development business, in the second half of 2017, it is expected that the financial policies in relation to the regulation on real estate in China will pose great influence on the housing market. The real estate market will be more stable, and its supply and transaction structure will be optimised. In the long run, the housing price will also stabilise because of the optimised structure. The appreciation potential of real estate in the future will be more dependent on the development of the first-tier cities, which will provide a better expectation on asset value of the land in the first-tier cities owned by CIMC Skyspace Real Estate.

In respect of the financial business, in the second half of 2017, the global monetary environment will continue to be tightened. Rate hike and shrinking balance sheet by the Fed will increase global economic and financial risks. Affected by real estate regulation and financial deleveraging, the investment in fixed assets in China will face downward pressure to a certain extent. The growth in macro-economy may be slower at first and faster in the end. The financial leasing industry in China will maintain its growth momentum but at a slower pace. The increasing financing costs will facilitate industry reshuffle. Under the policy of "deleveraging", domestic credit risk will continue to be released. The operating risk of financial leasing enterprises will increase.

3. Overall Operation Targets and Initiatives for Main Business Segments

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

In respect of the container manufacturing business, in the second half of 2017, the Group will focus on connotative optimisation and consolidation of its leading position in the industry, and seize market opportunities. It will also enhance the efficiency and stabilise the quality of the manufacturing of containers with water-based paint while improving the construction of HSE of all plants. In the second half of this year, the Dongguan Fenggang project will enter into the period of overall construction on schedule. For new business expansion, the container segment will continue to explore possibilities in a proper and orderly manner as planned on the basis of strengthening risk management and control.

In respect of the road transportation vehicle business, in the second half of 2017, it will continue to strive for comprehensively improving the core competency of global operations. While focusing on semi-trailer business and optimising existing business, the Group will put much more effort into exploring business growth and innovation business, to seize rapidly the opportunities arising from the changing trends and demands in the global markets and realise the continuous quality growth. In domestic market, the Group will seek for developing new profit growth by capturing opportunities brought by new regulations and prevailing hot events. In North American market, the Group will actively extend the geographical coverage of its products to set off the cyclical downtrends. In the European market, the Group will continue to give play to the cost advantages of its superior products from business collaboration. In emerging markets, the Group will adopt appropriate strategies to grow with the markets while focusing on the key markets.

In respect of the energy, chemical and liquid food equipment business, in the second half of 2017, it will continue to focus on the improvement of its core competitiveness based on organic growth and continuous innovation and make use of the innovation in new businesses, new technology and business models to achieve industry upgrade. As for its energy equipment business, CIMC Enric will put much more effort into expanding the market share of its core products in China and enhance R&D projects in new energy fields; as for the chemical equipment business, CIMC Enric will strive to develop a variety of tank containers while paying special attention to the development and application of new tank materials and the R&D of special tank containers for railways in China and Europe; as for the liquid food equipment business, CIMC Enric will continue to improve the brand advantages of "Ziemann Holvrieka", strengthen the integration of Briggs Group Limited and further improve its market position.

In respect of the offshore engineering business, in the second half of 2017, it will actively expand the scope of offshore engineering business by focusing on the oil and gas industries and expanding into the relevant diversified business. It will continue to develop towards production, vessels management, disassembly and high-end vessel repairing sectors from the drilling sector so as to integrate drilling and mining while covering building and repairing. It will also further expand into the business related to the national economy and livelihood and explore potential orders in the non-oil and gas offshore equipment, tourism and deep sea fishery industries. It will take off from the downturn of the offshore engineering market by coping with the changes in the industry environment and providing differentiated products and services.

In respect of the logistics services business, in the second half of 2017, it will further strengthen strategic rationalisation and optimising the business structure and organisational structure; enhancing capital efficiency and profitability; further promoting the lean management in the logistics business; completing the risk management in business segments; further promoting the enhancement in the financial system; promoting the development of informatisation with the integration of the idea of "Internet plus". The Group will also strengthen industry collaboration by consolidating its internal and external resources and further establish and complete its global logistics network distribution and construct a logistics ecosystem for CIMC while adhering to the national strategy of the "Belt and Road".

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

In respect of the airport facilities equipment business, in the second half of 2017, it will continue to improve the guarantee ability and achieve stable business growth; continuously strengthening core competitiveness; conducting business innovation with the consideration of industrial characteristics; perfecting the human resource system; promoting risk management improvement with reasonable control and management; complying with the Group's strategy to promote the our corporate efficiency. Meanwhile, by combining mergers and acquisitions with strategic cooperation, our corporate strength will be enhanced.

In respect of the real estate development business, in the second half of 2017, it will continue to promote the implementation of Qianhai Project and Shanghai Baoshan Project by keeping close communication with competent government authorities for substantial progress. In the meantime, through replication of the industrial park model, it will actively seek promising new industry projects in first-tier cities or their surrounding areas to boost the implementation of the projects.

In respect of the financial business, in the second half of 2017, CIMC Financial Leasing Company will continue to deepen the coordination of industry and finance, seize the opportunities of developing in market segments, put much more effort into marketing, optimise asset structure and improve customers' quality while maintaining a stable and prudent risk management and control policy. It will also make innovation in its business model so as to strive for healthy, stable and sustainable growth. CIMC Finance Company will further innovate its financial services, improve the quality and efficiency of global capital management services, promote the industry chain financial services, adhere to the risk bottom line and promote the business development of the Group.

4. Main Risk Factors for Future Development of the Group

Risk of economic periodic fluctuations and trade protection: The industries involved in the principal business operations of the Group are dependent on global and domestic economic performance and vary with the periodical changes of the overall economic environment. The U.S. economic policies may adopt the stance of more inclined to protectionism, which will bring more uncertainties and risks to the global economic recovery and the imports and exports of China. Affected by these 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 bring higher requirements on the Group's operating and management capabilities.

Risk of industry policy upgrade: China's economy entered into the "new normal" and the government of China presents the road map for and overall objective of comprehensively deepening reform to push forward the transformation and upgrade of economic structure. The new industrial policies, tax policies, policies of environmental protection and land policies, etc. that have a huge

CHAPTER IV Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

I. BUSINESS OVERVIEW

(I) Principal Business Engaged by the Company during the Reporting Period

For the principal business engaged by the Company and its operation during the Reporting Period, please refer to "I. Business Summary" and "II. Review of Principal Businesses during the Reporting Period" under "Chapter III Report of the Board" in this Report.

(II) Significant Changes in the Major Assets during the Reporting Period

1. Significant Changes in the Major Assets

During the Reporting Period, there was no significant change in the major assets of the Group.

2. Main Overseas Assets

☐ Applicable √ Not applicable

(III) Analysis of Core Competitive Advantages

Strategic Positioning of "Manufacture + Service + Finance"

The Group has formed an industrial pattern spanning both logistics and energy fields, and has developed major business segments with industry leading position and good prospects, and will continue to explore and deploy in emerging will

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CHAPTER IV Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

II. OPERATION DISCUSSION AND ANALYSIS

(I) Overview

For the operation of the Group's principal businesses during the Reporting Period, please refer to "II. Review of Principal Businesses during the Reporting Period" under "Chapter III Report of the Board" in this Report.

(II) Analysis of Principal Businesses

1. Year-on-year Changes exceeding 30% in Key Financial Data

Unit: RMB thousand

	As at the end of the Reporting Period (30 June 2017) (unaudited)	As at the end of previous year (31 December 2016) (audited)	Change (%)	Reasons for change
Dividends payable	**253,412**	16,746	1,413.27%	Mainly due to the increase of dividends payable for ordinary shares but not paid as at the end of the Reporting Period.
Other current liabilities	**2,612,280**	1,687,762	54.78%	Mainly due to the increase of the commercial papers issued in the Reporting Period.

	The Reporting Period (January to June 2017) (unaudited)	Same period in 2016 (January to June 2016) (unaudited)	Change (%)	Reasons for change
Financial expenses-net	**594,251**	304,944	94.87%	Mainly due to the increase of interest expenses and exchange losses in the Reporting Period.
Asset impairment losses	**234,437**	1,267,501	(81.50%)	Mainly due to the larger base in the same period of last year attributable to substantial impairment provision as a result of the termination of acquisition of SOE by CIMC Enric in the same period of last year.
(Loss) /profit from changes in fair value	**(32,626)**	137,104	(123.80%)	Mainly due to the change in fair value of derivative financial instruments in the Reporting Period.
Investment income	**(10,628)**	(87,328)	87.83%	Mainly due to the greater losses from the settlement of derivative financial instruments in the same period of last year.

	The Reporting Period (January to June 2017) (unaudited)	Same period in 2016 (January to June 2016) (unaudited)	Change (%)	Reasons for change
Cash received from returns on investments	**21,903**	241,771	(90.94%)	Mainly due to the receipt of dividends of associates in the same period of last year.
Cash paid to acquire investments	**142,020**	791,687	(82.06%)	Mainly due to the greater amount of investment in associates in the same period of last year.
Net cash paid to acquire subsidiaries	**5,000**	764,577	(99.35%)	Mainly due to the cash paid for the acquisition of Retlan Manufacturing Limited and Briggs Group Limited in the same period of last year.
Cash received from capital contributions	**33,776**	1,542,157	(97.81%)	Mainly due to the receipt of investment payment from the strategic investors introduced by the Company's subsidiaries including CIMC Vehicle (Group) and Shenzhen CIMC Electricity Commerce and Logistics Technology Co., Ltd. in the same period of last year.

There was a material change in profit composition or profit source of the Company during the Reporting Period

☐ Applicable √ Not applicable

There was no material change in profit composition or profit source of the Company during the Reporting Period.

CHAPTER IV Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

2. Composition of Principal Businesses during the Reporting Period

Unit: RMB thousand

	Revenue (unaudited)	Cost of sales (unaudited)	Gross profit margin (unaudited)	Changes in revenue from the same period of previous year	Changes in cost of sales from the same period of previous year	Changes in gross profit margin from the same period of previous year
By industry/product						
Containers	10,049,055	8,254,228	17.86%	105.14%	96.75%	3.50%
Road transportation vehicles	9,719,601	7,952,957	18.18%	38.59%	39.75%	(0.68%)
Energy, chemical and liquid food equipment	5,060,511	4,191,438	17.17%	16.65%	18.76%	(1.47%)
Offshore engineering	1,214,509	1,347,363	(10.94%)	(67.21%)	(59.41%)	(21.32%)
Airport facilities equipment	1,180,919	954,996	19.13%	4.65%	5.78%	(0.86%)
Logistic services	3,751,202	3,371,872	10.11%	16.55%	19.29%	(2.07%)
Financial business	1,148,040	498,703	56.56%	3.02%	36.13%	(10.57%)
Real estate	297,664	162,201	45.51%	(5.71%)	3.57%	(4.88%)
Heavy trucks	1,283,201	1,206,432	5.98%	49.15%	44.01%	3.35%
Others	1,394,177	1,170,585	16.04%	368.91%	429.55%	(9.61%)
Combined offset	(1,711,727)	(1,869,211)	–	(48.84%)	(35.97%)	–
Total	33,387,152	27,241,564	18.41%	41.81%	42.43%	(0.35%)
By region (by receiver)						
China	14,794,349	–	–	74.98%	–	–
Asia (regions excluding China)	3,384,378	–	–	84.09%	–	–
America	6,645,230	–	–	89.69%	–	–
Europe	7,341,001	–	–	(11.38%)	–	–
Others	1,222,194	–	–	(16.47%)	–	–
Total	33,387,152	–	–	41.81%	–	–

CHAPTER IV Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

(III) Analysis of Non-Principal Businesses

√ Applicable □ Not applicable

Unit: RMB thousand

Item	Amount	Proportion in total profit	Explanation on the formation	Sustainable or not
Investment income	(10,628)	(0.67%)	Mainly was the investment loss from the disposal of long-term equity investment in the Reporting Period.	No
Profit or loss from changes in fair value	(32,626)	(2.07%)	Mainly was the change in the fair value of derivative financial instruments in the Reporting Period.	No
Asset impairment losses	234,437	14.87%	Mainly was the further provision of impairment of CIMC Enric for the amounts due from SOE in the Reporting Period.	No
Non-operating income	84,343	5.35%	Mainly was the gain from the disposal of non-current assets in the Reporting Period.	No
Non-operating expenses	32,404	2.06%	Mainly was the loss from the disposal of non-current assets in the Reporting Period.	No

(IV) Assets and Liabilities

1. Significant Changes in Assets

Unit: RMB thousand

	As at the end of the Reporting Period		As at the end of previous year			
Item	Amount	% of total assets	Amount	% of total assets	Changes from the end of previous year to the end of the Reporting Period (%)	Description of material changes
Cash at bank and on hand	5,737,102	4.43%	6,325,998	5.08%	(0.65%)	No material change
Accounts receivable	16,371,018	12.64%	11,526,075	9.25%	3.39%	No material change
Inventories	18,336,871	14.16%	17,409,515	13.97%	0.19%	No material change
Investment properties	1,722,065	1.33%	1,752,608	1.41%	(0.08%)	No material change
Long-term equity investments	2,249,428	1.74%	2,162,217	1.74%	0.00%	No material change
Fixed assets	21,674,735	16.74%	22,037,261	17.68%	(0.94%)	No material change
Construction in progress	23,804,653	18.38%	22,769,189	18.27%	0.11%	No material change
Short-term borrowings	17,945,748	13.86%	15,729,787	12.62%	1.24%	No material change
Long-term borrowings	23,665,089	18.27%	27,023,222	21.69%	(3.42%)	No material change

CHAPTER IV Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

2. Assets and Liabilities Measured at Fair Value

√ Applicable ☐ Not applicable

Unit: RMB thousand

Item	Amount at the beginning of the period	Profit or loss arising from changes in fair value for the Reporting Period	Cumulative changes in fair value recognised in equity	Impairment provision for the Reporting Period	Purchases for the Reporting Period	Sales for the Reporting Period	Amount at the end of the Reporting Period

CHAPTER IV Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

(V) Analysis of Investments during the Reporting Period

CHAPTER IV Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

4. Financial Asset Investments

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√ Applicable □ Not applicable

Unit: RMB thousand

Securities	Stock code	Abbreviation of stock name	Initial investment cost	Modes of accounting measurement	Book value at the beginning of the period	Profit or loss arising from changes in fair value during the current period	Cumulative changes in fair value recognised in equity	Purchases for the current period	Sales for the current period	Profit or loss during the Reporting Period	Book value at the end of the period	Classification in accounting	Source of funds
H Share	6198	Qingdao Port	128,589	Fair value	133,400	28,637	–	–	–	–	157,489	Financial assets at fair value through profit or loss	Self-owned funds
H Share	368	Sinotrans Ship H	20,742	Fair value	3,860	1,407	–	–	–	–	5,123	Financial assets at fair value through profit or loss	Self-owned funds
Other securities investments held at the end of the period			–	–	812	(210)	–	–	–	–	17,745	–	–

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√ Applicable □ Not applicable

Unit: RMB thousand

Name of the derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the period	Amount acquired during the Reporting Period	Amount sold during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the period	Proportion of Investment amount at the end of the period to net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
HSBC, Standard Chartered and other banks	Nil	No	Foreign exchange forward contract	–	2015/1/29	2018/4/16	219,820	–	–	–	236,667	0.79%	9,452
China Construction Bank, HSBC and other banks	Nil	No	Interest rate swap contract	–	2010/1/20	2021/6/28	10,302,060	–	–	–	9,849,606	33.03%	(74,075)
Standard Chartered, Industrial and other banks	Nil	No	Currency swap contract	–	2017/6/23	2017/12/20	–	–	–	–	154,473	0.52%	333
Total				–	–	–	10,521,880	–	–	–	10,240,746	34.34%	(64,290)

Source of funds for derivatives investments	Self-owned funds
Litigation case (if applicable)	Not applicable
Disclosure date of approval of derivatives investment at a Board meeting (if any)	28 March 2017
Disclosure date of approval of derivatives investment at a shareholders' meeting (if any)	Nil
Risk analysis regarding positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operation risk and law risk etc.)	As at 30 June 2017, the derivative financial instruments held by the Group were mainly foreign exchange forwards, interest rate swap and currency swap contracts. The risks of interest rate swap contracts were closely related to the fluctuations of interest rate. The risks carried by foreign exchange forwards were connected with the market risks relating to exchange rates and the Group's cash flow certainty of foreign currency revenues in the future. The Group's control on the derivative financial instruments was mainly reflected in: making prudent selection and determination on the type and quantity of newly-added derivative financial instruments; as to derivatives transactions, the Group developed rigorous internal approval systems and operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks.
Changes in market prices or product fair values of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of fair values of derivatives	From January to June 2017, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB(64.290) million. Fair values of the derivative financial instruments of the Group were determined based on market prices of external financial institutions.
Explanations of any significant changes in the Company's accounting policies and specific accounting principles on derivatives between the Reporting Period and the last reporting period	No
Specific opinions of independent Directors on the derivatives investments and risk controls of the Company	The Company invested in derivatives for the purpose of the day-to-day international business operations of the Company in order to smooth the fluctuation of the operations of the Company due to the change in exchange rates and interest rates. The effect of exchange rates and interest rates on the operations of the Company was reduced to such extent that it is acceptable and under control so the operations stabilised and improved, which ensured the long-term operating or strategic objectives were to be achieved. The Company has established a sound internal control system and put it into effective implementation. The management systems were formulated and constantly improved. The related decision-making procedures were optimised with risks under control in compliance with the requirements of the laws and regulations and without prejudice to the interests of the Company and the shareholders, in particular, the minority shareholders.

CHAPTER IV Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

(VI) Disposal of Substantial Assets and Equity Interests

1. Disposal of Substantial Assets

☐ Applicable √ Not applicable

2. Disposal of Substantial Equity Interests

☐ Applicable √ Not applicable

(VII) Analysis of Principal Subsidiaries and Associates

√ Applicable ☐ Not applicable

Details on acquiring and disposing subsidiaries during the Reporting Period

☐ Applicable √ Not applicable

During the Reporting Period, the Group did not acquire or dispose major subsidiaries. For the details on the subsidiaries that began and ceased to be consolidated into the accounts of the Group during the Reporting Period, please refer to note V to "Chapter IX Interim Financial Report (Unaudited)" in this Report.

Details on the principal subsidiaries

Please refer to the relevant information contained in "II. Review of Principal Businesses During the Reporting Period" under "Chapter III Report of the Board" of this Report for the details of operations of principal holding subsidiaries of the Group during the Reporting Period.

CHAPTER IV Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules

Subsidiaries or associates contributing to more than 10% of the Company's net profits

Date of reception	Mode of reception	Type of party received	Brief description on research
24 February 2017	Visit to plant in Zhangjiagang	Essence Securities	Business conditions and industrial developments in energy and chemical business
11 April 2017	Field research	Open Door Capital	Principal business conditions, investment progress, recent industrial developments and industry outlook
28 April 2017	Telephone conference	CICC and its customers	Exchange on Q1 results
17 May 2017	Field research	Essence Securities	Principal business conditions, investment progress, recent industrial developments and industry outlook
18 May 2017	Visit to plants in Kunshan and Shanghai	Tebon Securities, ICBC Credit Suisse Fund, Bin Yuan Capital, TF Securities, Zhongtai Securities Research Institute, Shanghai Greenwoods Asset, Essence Securities, Hanlun Investment (瀚倫投資), Founder Securities, UBS Securities, Guotai Junan, Zheshang Fund, China AMC, Tianhong Asset Management, Haitong Securities, Huatai Securities, Hua Chuang Securities, BOC International, Winbright Capital, CIB Fund, CITIC Securities, Industrial Securities, ABC Financial Service, Fenghe Asia, Ping An Securities and Guotai Fund	Business conditions and industry outlook in logistics automation
23 May 2017	Visit to plant in Shanghai	Morgan Stanley	Business conditions and industrial developments in container business
7 June 2017	Visit to plants in Kunshan and Shanghai	HSBC and its customers	Business conditions and industry outlook in logistics automation

Chapter V Management Discussion and Analysis Prepared in Accordance with Hong Kong Securities Rules

The following contents are the financial resource reviews prepared in accordance with the relevant provisions of the Hong Kong Listing Rules. The following discussion and analysis shall be read together with other chapters and the 2017 Interim Financial Report (unaudited) of the Group set out in this Report.

CHANGES IN ACCOUNTING POLICIES FOR THE REPORTING PERIOD

On 28 August 2017, as considered and approved by the 11th meeting of the eighth session of the Board of Directors of the Company for 2017 and the 6th meeting of the eighth session of the Supervisory Committee for 2017, the Company revised the accounting policies of the Company pursuant to the requirements under "Notice on Issuance of Revised Accounting Standards for Business Enterprises No. 16 – Government Subsidy" (Cai Kuai [2017] No. 15) issued by Ministry of Finance ("MOF") of the People's Republic of China and "Notice on the Issuance of the Accounting Standards for Business Enterprises No. 42 – Non-current Assets Held for Sale, Disposal Group and Termination of Operation" (Cai Kuai [2017] No. 13) issued by MOF, pursuant to which, (1) the Company has implemented the "Notice on Issuance of Revised Accounting Standards for Business Enterprises No. 16 – Government Subsidy" (Cai Kuai [2017] No. 15) issued by MOF since 12 June 2017. Government grants relating to the ordinary activities of the Group shall be included in other income based on the nature of economic business. Government grants not relating to the ordinary activities of the Group shall be included in non-operating income and expense. The prospective application method shall be used for the accounting treatment of the government grants existed on 1 January 2017 of the Group. Adjustment shall be made for the government grants arose from 1 January 2017 to the effective date of such standard. The comparative financial statements of the Group for January – June 2016 were not restated. (2) The Company has implemented the "Notice on the Issuance of the Accounting Standards for Business Enterprises No. 42 – Non-current Assets Held for Sale, Disposal Group and Termination of Operation" issued by MOF since 28 May 2017. The change in such accounting policy did not have a significant impact on the financial statements of the Company during the Reporting Period. For details, please refer to note II. 33 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

CONSOLIDATED OPERATING RESULTS

During the Reporting Period, the Group recorded revenue of RMB33,387.152 million (same period in 2016: RMB23,542.843 million), representing a year-on-year increase of 41.81%, and profit attributable to shareholders and other equity holders of the Company of RMB796.898 million (same period in 2016: recording a loss of RMB378.034 million). For details, please refer to relevant information set out in the chapters headed "Chapter II Summary of Accounting Data and Financial Indicators" and "II. Review of Principal Businesses during the Reporting Period" under "Chapter III Report of the Board" in this Report.

SEGMENT INFORMATION

For details of the segment information of the Group during the Reporting Period, please refer to "II. Review of Principal Businesses during the Reporting Period" under "Chapter III Report of the Board" and note XIII of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

GROSS PROFIT MARGIN AND PROFITABILITY

During the Reporting Period, the gross profit margin of the Group was 18.41% (same period in 2016: 18.76%), representing a slight year-on-year decrease of 0.35%. Among the principal businesses, the gross profit margin of container manufacturing and heavy trucks increased, the gross profit margin of offshore engineering business turned from profit to loss as affected by the continued downturn in the industry, the gross profit margin of the remaining segments remained basically stable or slightly decreased as compared with the same period of last year. For details, please refer to "2. Composition of Principal Businesses during the Reporting Period" of "(II) Analysis of Principal Businesses" of "II. Operation Discussion and Analysis" of "IV. Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" in this Report.

NON-OPERATING INCOME

During the Reporting Period, the Group's non-operating income amounted to RMB84.343 million (same period in 2016: RMB167.289 million), representing a year-on-year decrease of 49.58%, which was mainly attributable to the recognition of the government grants relating to ordinary activities of the Group under other income as required by the new standard on government grants under the CASBE during the Reporting Period. For details, please refer to note IV. 60 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

TAX EXPENSE

During the Reporting Period, the income tax expenses of the Group were RMB509.633 million (same period in 2016: RMB375.316 million), representing a year-on-year increase of 35.79%, which were mainly due to the increase in current income tax as calculated according to the tax regulations as a results of the significant increase in profit of the Group during the Reporting Period. For details, please refer to note IV. 62 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

TECHNOLOGY DEVELOPMENT COSTS

During the Reporting Period, the technology development costs of the Group were RMB288.459 million (same period in 2016: RMB230.097 million), representing a year-on-year

Chapter V Management Discussion and Analysis Prepared in Accordance with Hong Kong Securities Rules

BANK LOANS AND OTHER BORROWINGS

As at 30 June 2017, the Group's short-term borrowings, long-term borrowings, debentures payable and other current liabilities (issuance of commercial papers) in aggregate amounted to RMB57,072.710 million (31 December 2016: RMB55,932.185 million). Details are set out in notes IV. 25, IV. 36, IV. 37, IV. 38 and IV. 39 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

Unit: RMB thousand

	As at 30 June 2017 (unaudited)	As at 31 December 2016 (audited)
Short-term borrowings	**17,945,748**	15,729,787
Non-current borrowings due within one year	**4,891,414**	3,525,710
Long-term borrowings	**23,665,089**	27,023,222
Debentures payable	**7,986,500**	7,986,500
Other current liabilities (issuance of commercial papers)	**2,583,959**	1,666,966
Total	**57,072,710**	55,932,185

In the first half of 2017, the net bank loans appropriated by the Group amounted to RMB2,798.256 million (same period in 2016: RMB5,324.877 million), representing a year-on-year decrease of 47.45%. The Group's bank borrowings are mainly denominated in U.S. dollars, with the interest payments computed using fixed rates and floating rates. As at 30 June 2017, the Group's bank borrowings included fixed-rate borrowings of approximately RMB11,035.941 million (31 December 2016: RMB8,123.960 million), representing an increase of 35.84% as compared with the end of the previous year, which was mainly due to the financing arrangement made by the Group to meet the working capital requirements; floating-rate borrowings of RMB35,466.310 million (31 December 2016: RMB38,154.759 million), representing a decrease of 7.05% as compared with the end of the previous year. As at the end of the Reporting Period, the long-term borrowings were mainly due within five years. For details, please refer to note IV. 38 and XIV. 3 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

Chapter V Management Discussion and Analysis Prepared in Accordance with Hong Kong Securities Rules

CAPITAL STRUCTURE

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As of 30 June 2017, the Group's equity interest attributable to shareholders amounted to RMB39,871.883 million (31 December 2016: RMB39,134.792 million) in aggregate, the total liabilities amounted to RMB89,626.971 million (31 December 2016: RMB85,479.956 million) and the total assets amounted to RMB129,498.854 million (31 December 2016: RMB124,614.748 million).The Group is committed to maintaining an appropriate combination of equity and debt, in order to maintain an effective capital structure and provide maximum returns for shareholders.

At the end of the Reporting Period, the Group's gearing ratio was 69.21% (31 December 2016: 68.60%), which slightly increased by 0.61% as compared with the end of the previous year. (Calculation of the gearing ratio: based on the Group's total debts as at the respective dates divided by our total assets.)

FOREIGN EXCHANGE RISK AND RELEVANT HEDGE

The major currency of the Group's business revenue is U.S. dollars, while most of its expenditure is made in RMB. As the exchange rates of RMB are affected by domestic and international economic and political situations, and the demand and supply of RMB, 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 its financial condition. The management of the Group has closely monitored its foreign exchange risk and taken appropriate measures to avoid foreign exchange risk. For details of the foreign exchange hedging contracts held by the Group during the Reporting Period, please refer to note IV. 2 and IV. 26 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

INTEREST RATE RISK

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimise the impact of interest rate risk, the Group entered into interest rate swap contracts with certain banks. For details, please refer to note IV. 2 and IV. 26 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

CREDIT RISK

The Group's credit risk is primarily attributable to cash at bank and on hand, receivables, derivative financial instruments entered into for hedging purposes, etc. Exposure to these credit risks is monitored by the management on an ongoing basis. For details, please refer to note XIV. 1 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

PLEDGE OF ASSETS

As at 30 June 2017, the restricted assets of the Group totally amounted to RMB8,902.078 million (31 December 2016: RMB9,756.883 million), representing a decrease of 8.76% as compared with the end of the previous year. For details, please refer to note IV. 24 of "Chapter IX 2017 Interim Financial Report (Unaudited)"in this Report.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group had capital expenditure commitments of approximately RMB494.514 million (31 December 2016: RMB417.786 million), representing an increase of 18.37% as compared with the end of the previous year, which were mainly used as external

Chapter V Management Discussion and Analysis Prepared in Accordance with Hong Kong Securities Rules

CONTINGENT LIABILITY

As at 30 June 2017, the Group had contingent liabilities of approximately RMB59.028 million (31 December 2016: RMB83.248 million), representing a decrease of 29.09% as compared with the end of the previous year. For details, please refer to note X. 1 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

SIGNIFICANT INVESTMENTS AND MAJOR ACQUISITIONS AND DISPOSALS RELATING TO SUBSIDIARIES AND ASSOCIATED COMPANIES

During the Reporting Period, the Group did not make any significant investment and had no major acquisitions and disposals relating to subsidiaries and associated companies. For information on the major subsidiaries of the Group, please refer to note VI. 1 of "Chapter IX 2017 Interim Financial Report (Unaudited)" in this Report.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCES OF FUNDING

For the investment plan of the principal businesses of the Group in the second half of the year, please refer to "3. Overall Operation Targets and Initiatives for Main Business Segments" of "III. Future Development and Outlook" under "Chapter III Report of the Board" in this Report. The operating and capital expenditures of the Group are mainly financed by our own fund and external financing. The Group will take a prudent attitude to enhance its operating cash flow. The Group has sufficient sources of funding to meet the requirements of capital expenditure and working capital.

CAPITAL EXPENDITURE AND FINANCING PLAN

Based on changes in the economic situation and operating environment, as well as the requirements of the Group's strategic upgrade and business development, the expected capital expenditure of the Group in 2017 was approximately RMB7,900 million, among which approximately RMB500 million was actually expensed in the first half of this year, which was mainly used for acquisition of fixed assets, intangible assets and other long-term assets. Various forms of financing arrangements will continue to be considered by the Group in the second half of this year.

On 31 May 2016, as considered and approved at the shareholders' general meeting, the Company proposed a non-public offering of new A shares to eligible investors for no more than RMB6,000 million (the "Non-public Offering of A Shares"). On 17 January 2017, as certain matters still need to be resolved, the Company submitted an application to the CSRC for the suspension of inspection of the documents of the Non-public Offering of A Shares. On 9 June 2017, in order to ensure the implementation of the relevant work, upon consideration and approval at the annual general meeting of 2016 and the first 2017 class meeting of A Shares and the first 2017 class meeting of H Shares, the Company revised its issuance proposal for the Non-public Offering of A Shares and extended the validity period of the resolution by the shareholders' general meeting as well as the validity period of the mandate for the Board. For details, please refer to "II. Issue and Listing of Securities" under "Chapter VII Changes in Share Capital and Information on Substantial Shareholders" in this Report. As at the end of the Reporting Period, the Non-public Offering of A Shares is still suspended.

During the Reporting Period, the Board, comprising 8 Directors, held 5 meetings, of which 1 meeting was held on-site, 4 meetings were held in a way of written review resolutions with 36 resolutions reviewed. Save for the regular meetings, in the course of the management and supervision of the Group's business operations, the Company's executive Directors have brought major business or management matters to the attention of the Board to hold an interim Board meeting from time to time, and relevant Board decisions were made in the form of written resolutions by all Directors.

Code provision A.1.1 requires that "The board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals". During the Reporting Period, the Company held 5 Board meetings, of which only 1 meeting was held on-site. The executive Directors of the Company manage and monitor the business operation and propose to hold Board meetings to have discussions and make decisions on the Group's major business or management affairs from time to time. Accordingly, certain relevant decisions were made by all Directors by way of written resolutions. The Directors are of the opinion that, the fairness and validity of the decisions made for the business had adequate assurance. The Company will strive to put effective corporate governance practices into practice in future.

On 7 August 2017, Mr. Wang Zhixian, a non-executive Director, resigned from the position of non-executive Director and all the positions in the Risk Management Committee and the Remuneration and Appraisal Committee of the Board due to the change in job assignments. For details, please refer to "II. Changes of Directors, Supervisors and Senior Management of the Company" under "Chapter VIII Information on Directors, Supervisors and Senior Management" in this Report.

( )

During the Reporting Period, 9 meetings were held by the Board Committees with 19 letters of opinions from Board Committees passed.

( )

During the Reporting Period, 3 meetings of the eighth session of the Supervisory Committee, comprising three Supervisors, was held with 13 resolutions reviewed. The Supervisors attended 5 meetings of the Board on a non-voting basis. The Supervisor Xiong Bo attended the 2016 annual general meeting, the first 2017 A shareholders' class meeting and the first 2017 H shareholders' class meeting.

On 7 August 2017, Mr. Lv Shengzhou, a Supervisor, resigned from the position of the Supervisor representing shareholder due to the change in work arrangement. However, pursuant to the Articles of Association, Mr. Lv Shengzhou will continue to perform his duties as a Supervisor before a new Supervisor being approved for appointment at the general meeting of the Company. For details, please refer to "II. Changes of Directors, Supervisors and Senior Management of the Company" under "Chapter VIII Information on Directors, Supervisors and Senior Management" in this Report.

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On 9 June 2017, the Company held the 2016 annual general meeting, the First 2017 A Shareholders' Class Meeting and the First 2017 H Shareholders' Class Meeting. The notice, convening, holding and voting procedures of such meetings were in compliance with the relevant requirements of the PRC Company Law, the Articles of Association and the Hong Kong Listing Rules. The announcements on the relevant voting results were published in China Securities Journal, Shanghai Securities News and Securities Times and on Cninfo website (http://www.cninfo.com.cn) on 9 June 2017, and on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cimc.com).

The executive Director, CEO and President Mr. Mai Boliang and the non-executive Director Mr. Liu Chong and independent non-executive Directors Mr. Pan Chengwei, Mr. Pan Zhengqi and Mr. Wong Kwai Huen Albert attended the abovementioned general meetings. Non-executive Directors Mr. Wang Hong, Mr. Wang Yuhang and Mr. Wang Zhixian (resigned on 7 August 2017) failed to attend due to other important affairs.

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Code provision A.2.7 requires that "The chairman shall convene at least one meeting every year with the non-executive Directors (including independent non-executive Directors) without the executive Directors present". The Company has only one executive Director, Mr. Mai Boliang, and the Company's business operation is managed and monitored by the executive Director. Accordingly, during the Reporting Period, the Company has not held a Board meeting without the presence of the executive Director.

Code provision A.6.7 requires that "Independent non-executive directors and other nonexecutive directors should also attend general meetings and develop a balanced understanding of the views of shareholders". Code provision 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 three independent non-executive Directors of the Company all attended the general meetings convened during the Reporting Period. The non-executive Directors Wang Hong, the Chairman of the Board, Wang Yuhang and Wang Zhixian (resigned on 7 August 2017), the Chairman of the Risk Management Committee of the Board, failed to attend the aforesaid general meetings due to other important affairs.

2. Compliance with the Model Code by Directors and Supervisors of the Company for Securities Transactions

The Company has adopted the standards prescribed in the Model Code contained in Appendix 10 of the Hong Kong Listing Rules as the code of conduct in dealing in securities by Directors and Supervisors of the Company. After inquiries to all the Directors and Supervisors, all the Directors and Supervisors confirmed that they had fully complied with the requirements in the Model Code during the Reporting Period.

3. Audit Committee

The Company has appointed three independent non-executive Directors and established the audit committee pursuant to the requirements of the Hong Kong Listing Rules. The members of the audit committee are Mr. Pan Chengwei (chairman of the audit committee with professional qualifications and experience in relation to financial management such as accounting), Mr. Pan Zhengqi and Mr. Wong Kwai Huen, Albert.

On 27 August 2017, the audit committee reviewed the unaudited 2017 Interim Financial Report and this Report of the Group for the six months ended 30 June 2017, and agreed to present the same to the Board.

4. Disclosure Pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules

For the changes in information of Directors, Supervisors and chief executive officer of the Company to be disclosed pursuant to Rule 13.51B(1) of the Hong Kong Listing Rules during the Reporting Period, please refer to the chapter headed "IV. Changes in Information of Directors and Supervisors" under "Chapter VIII Information on Directors, Supervisors and Senior Management". Except for such disclosure, there is no other information

II. RELEVANT SITUATIONS OF ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING CONVENED DURING THE REPORTING PERIOD

1. General Meeting Convened during the Reporting Period

Session of meeting	Type of meeting	Proportion of investors' participation	Date	Notice date	Disclosure date	Disclosure index
2016 annual general meeting	Annual general meeting	57.25%	9 June 2017	21 April 2017	9 June 2017	www.cninfo.com.cn www.hkexnews.hk
First 2017 A Shareholders' class meeting	Shareholders' class meeting	34.61%	9 June 2017	21 April 2017	9 June 2017	www.cninfo.com.cn www.hkexnews.hk
First 2017 H Shareholders' class meeting	Shareholders' class meeting	73.92%	9 June 2017	21 April 2017	9 June 2017	www.cninfo.com.cn www.hkexnews.hk

2. The Extraordinary General Meetings Requested by the Shareholders of Preference Shares who Regained the Voting Right

☐ Applicable √ Not Applicable

III. PROPOSAL OF PROFIT DISTRIBUTION AND SHARE CAPITAL INCREASE BY WAY OF TRANSFER FROM CAPITAL RESERVES DURING THE REPORTING PERIOD

☐ Applicable √ Not Applicable

The Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves for the six months ended 30 June 2017 (the same period of 2016: Nil).

Implementation of Profit Distribution of the Company during the Reporting Periodod of 201ta durP1o.0e capiViVi3ke p c1que

V. ENGAGEMENT AND DISENGAGEMENT OF FIRMS OF ACCOUNTANTS

Whether the interim financial report has been audited or not

☐ Yes √ No

The 2017 Interim Financial Report has not been audited.

On 9 June 2017, as considered and approved at the 2016 Annual General Meeting, the Company appointed PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company for 2017.

VI. STATEMENTS OF THE BOARD AND THE SUPERVISORY COMMITTEE ON THE "NON-STANDARD AUDITING REPORT" ISSUED BY THE ACCOUNTANT DURING THE REPORTING PERIOD

☐ Applicable √ Not Applicable

VII. EXPLANATION OF THE BOARD ON THE AFFAIRS RELATING TO "NON-STANDARD AUDITING REPORT" FOR THE PREVIOUS YEAR

☐ Applicable √ Not Applicable

VIII. BANKRUPTCY OR REORGANISATION RELATED ISSUES

☐ Applicable √ Not Applicable

The Company had no bankruptcy or reorganisation related issues during the Reporting Period.

IX. ARBITRATION EVENTS

Material litigation and arbitration events

☐ Applicable √ Not Applicable

The Company had no material litigation and arbitration events during the Reporting Period.

Other litigation events

√ Applicable ☐ Not Applicable

Basic information of litigation (arbitration)	Amount involved (RMB thousand)	Incurred estimated liabilities or not	Progress of litigation (arbitration)	Judgment result of litigation (arbitration) and its impact	Executive of the judgment of litigation (arbitration)	Disclosure date	Disclosure index
15 contract disputes as the plaintiff from 2014 to the end of the Reporting Period	337,600	No	In trial	Not yet concluded	–	–	–
9 contract disputes as the respondent from 2015 to the end of the Reporting Period	322,200	No	In trial	Not yet concluded	–	–	–

X. PENALTIES AND REMEDIES

☐ Applicable √ Not Applicable

XI. THE CREDITWORTHINESS OF THE COMPANY AND ITS CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

√ Applicable ☐ Not Applicable

During the Reporting Period, there was no effective judgement of the court failed to be satisfied by the Company and its largest shareholder, China Merchants Group, or relatively large amount of debts due and outstanding.

XII. IMPLEMENTATION OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES

1. Summary of Share Option Incentive Scheme

(1) A Share(s) Share Option Incentive Scheme of the Company

In order to establish and improve the incentive-constraint mechanism, and effectively combine the interests of the Shareholders, the Company and its employees, the 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 second tranche of reserved 6,000,000 share options (the "Second Tranche of Share Options") were registered on 17 November 2011.

As at 12 May 2015, upon the consideration and approval at the eighth meeting of the seventh session of the Board in 2015, the options of the second exercisable period for the First Tranche of Share Options have met the exercise conditions and were actually exercisable starting from 2 June 2015 to 27 September 2020 with the total exercisable options amounting to 39,660,000 options. As at 9 October 2015, upon the consideration and approval at the fourteenth meeting of the seventh session of the Board in 2015, the second exercisable period for the Second Tranche of Share Options have met the exercise conditions and were actually exercisable starting from 24 October 2015 to 27 September 2020 with the total exercisable options amounting to 4,132,500 options. As at 20 July 2017, upon the consideration and approval at the eighth meeting of the eighth session of the Board in 2017 and the implementation of the annual dividend distribution plan of the Company for 2016 on 20 July 2017, the adjusted option exercise price for the First and Second Tranche of Share Options is RMB10.49 and RMB16.02, respectively.

During the Reporting Period, the total exercisable options of A Share(s) Share Option Incentive Scheme amounted to 1,775,800 options, representing 3.03% of the total (adjusted), of which, totalling 1,730,800 options were exercised during the second exercisable period for the First Tranche of Share Options, and totalling 45,000 options were exercised during the second exercisable period for the Second Tranche of Share Options. The implementation of A Share(s) Share Option Incentive Scheme has no material impact on the Company's financial conditions and results of operation during the Reporting Period and in the future.

(2) Share option incentive scheme of the subsidiary CIMC Enric

(3) Implementation of the equity trust scheme of the subsidiary CIMC Vehicle (Group)

The CIMC Vehicle (Group) Co., Ltd. Equity Trust Plan (Draft) was considered and approved at the general meeting of the Company held on 17 October 2007, pursuant to the which, the senior management relating to the vehicle business of the Group and the key employees of CIMC Vehicle (Group) held 20% equity interests in CIMC Vehicle

Grant and exercise of equity of Directors, Supervisors and senior management during the Reporting Period

Name	Position	Number of equity granted during the Reporting Period (shares)	Number of equity exercised during the Reporting Period (shares)	Number of outstanding and exercisable equity at the end of the Reporting Period (shares)
Mai Boliang	CEO and President, executive Director	0	0	2,850,000
Liu Xuebin	Vice president	0	0	997,000
Wu Fapei	Vice president	0	0	750,000
Li Yinhui	Vice president	0	0	750,000
Yu Ya	Vice president	0	0	650,000
Zhang Baoqing	Vice president	0	0	750,000
Gao Xiang	Vice president	0	0	375,000
Yu Yuqun	Secretary to the Board	0	0	750,000
Zeng Han	General manager of the finance department	0	0	288,750

Note: On 27 March 2017, the Company's senior management Mr. Jin Jianlong retired. As at 30 June 2017, Mr. Jin Jianlong still had 640,000 unexercised A share options of the Company and 1,400,000 unexercised options of CIMC Enric.

XIII. MATERIAL CONNECTED TRANSACTIONS DISCLOSED ACCORDING TO SHENZHEN LISTING RULES

1. Connected Transactions Relating to Daily Operations

√ Applicable ☐ Not Applicable

Related party	Relationship with the Group	Type of the connected transaction	Details of the connected transaction	Pricing Principle	Price	Amount (RMB'000)	% of the total amount of a similar transaction	Approved cap (RMB'000)	Whether approved cap has been exceeded

2. Connected Transactions Relating to Assets or Equity Interest Acquisition and Disposal

☐ Applicable √ Not Applicable

3. Connected Transactions Relating to Joint External Investments

☐ Applicable √ Not Applicable

4. Claims and Liabilities among the Connected Transactions

√ Applicable ☐ Not Applicable

Whether there are non-operating claims and liabilities among the connected transactions or not

☐ Yes √ No

Claims receivable from any related party:

Unit: RMB thousand

Related party	Relationship with the Group	Reason	Any appropriation of funds for non-operating purposes	Opening balance	Amount increased during the current period	Amount recovered during the current period	Interest rate	Interest for the current period	Closing balance
Zhenjiang CIMC Embellish Yu Real Estate Co., LTD	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	824,391	–	320,823	–	6,690	503,568
Shanghai Fengyang Real Estate Development Co., Ltd.	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	34,204	–	–	–	–	34,204
Nantong New Atlantic Forest Industry Ltd.	Associated company of the Group	Operating borrowings by Shareholders	No	10,629	–	10,629	–	–	–
Xinyang Wood Hong Kong Co., Ltd.	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	4,361	7,944	–	–	–	12,305
Effect of claims among the connected transactions on the operating results and financial position of the Company		Nil							

Liabilities payable to any related party:

Unit: RMB thousand

Related party	Relationship with the Group	Reason	Opening balance	Amount increased during the current period	Amount repaid during the current period	Interest rate	Interest for the current period	Closing balance
Gasfin Investment S.A.	Minority shareholder of a subsidiary	Operating borrowings by Shareholders in same ratio	46,990	–	1,419	–	522	45,571
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of a subsidiary	Operating borrowings by Shareholders	56,794	–	29,579	–	–	27,215
Effect of liabilities among the connected transactions on the operating results and financial position of the Company		Nil						

5. Other Material Connected Transactions

☐ Applicable √ Not Applicable

XIV. OCCUPATION OF THE LISTED COMPANY'S NON-OPERATING CAPITAL BY CONTROLLING SHAREHOLDERS AND ITS RELATED PARTIES

☐ Applicable √ Not Applicable

There was no non-operating capital of the Company which was occupied by controlling Shareholders and its related parties during the Reporting Period.

XV. MATERIAL CONTRACTS AND THEIR PERFORMANCES

1. Trusteeship, Contracting or Leasing

(1) Trusteeship

☐ Applicable √ Not Applicable

During the Reporting Period, there was no trusteeship of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the Reporting Period.

(2) Contracting

☐ Applicable √ Not Applicable

During the Reporting Period, there was no contracting of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the Reporting Period.

(3) Leasing

☐ Applicable √ Not Applicable

During the Reporting Period, there was no leasing of the Company generating a profit or loss which contributed to 10% or more of the total profit of the Company during the Reporting Period.

2. MATERIAL GUARANTEES

√ Applicable ☐ Not Applicable

(1) Description of Guarantees

Unit: RMB thousand

External guarantees undertaken by the Company and its subsidiaries (excluding guarantees for subsidiaries)

Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Customers and dealers of subsidiaries of CIMC Vehicle	28 March 2017	2,650,000	1 January 2017	794,628	Warrandice	1-2 years	No	No
Customers and dealers of C&C Trucks and its controlling subsidiaries	28 March 2017	1,600,000	1 January 2017	314,477	Warrandice	1-2 years	No	No
Purchasers of commodity houses of CIMC Skyspace Real Estate and its controlling subsidiaries	28 March 2017	740,000	1 January 2017	714,347	Warrandice	1-2 years	No	No
Customers of CIMC Raffles	28 March 2017	382,000	1 January 2017	334,250	Warrandice	1-2 years	No	No
Total external guarantee facilities approved during the Reporting Period (A1)		1,122,000		Total actual amount of external guarantees during the Reporting Period (A2)				1,048,597
Total external guarantee facilities approved at the end of the Reporting Period (A3)		5,372,000		Total actual balance of external guarantees at the end of the Reporting Period (A4)				2,157,702

The Company's guarantees for subsidiaries

Name of the guaranteed	Disclosure date of the announcement about guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Subsidiaries of CIMC	28 March 2017	24,172,570	1 January 2017	5,982,920	Warrandice	1-2 years	No	No
Overseas holding subsidiaries of CIMC	28 March 2017	30,000,000	1 January 2017	14,460,910	Warrandice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (B1)			35,651,530	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)				14,623,210
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (B3)			54,172,570	Total actual balance of guarantees for subsidiaries at the end of the Reporting Period (B4)				20,443,830

Subsidiaries' guarantees for subsidiaries

Name of the guaranteed	Disclosure date of the announcement about guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party Guaranteed or not
Guarantee of one subsidiary for another	28 March 2017	12,573,650	1 January 2017	6,254,230	Warrandice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (C1)			6,731,980					

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(2) Irregular External Guarantees

☐ Applicable √ Not Applicable

3. OTHER MATERIAL CONTRACTS

☐ Applicable √ Not Applicable

XVI. SOCIAL RESPONSIBILITY

1. Performance of Precise Poverty-alleviation Social Responsibility

☐ Applicable √ Not Applicable

During the Reporting period, the Company did not engage in any precise poverty-alleviation activity and had no follow-up plan for precise poverty alleviation.

2. Performance of Other Social Responsibilities

The Company published the 2016 Social Responsibility Report and the 2016 Environmental, Social and Governance Report in Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the Hong Kong Stock Exchange website (www.hkexnews.hk) on 28 March 2017 and 30 June 2017 respectively.

3. Material Environmental Protection Events

Whether the listed company and its subsidiaries are on the list of critical pollutant dischargers published by the environmental protection authorities

√ Yes ☐ No ☐ Not Applicable

The subsidiaries of the Group which were listed as key pollutant-discharging units by the environmental protection departments in China are as follows:

Name of subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission	Approved total emission	Excessive emission
Southern CIMC Logistics Equipment Manufacturing Co., Ltd.	Sum of benzene, methylbenzene and xylene and sum of VOCs	Concentrated high-altitude emissions comply with standard	19	Distribute in phase II, phase III and pre-treatment lines	Emissions comply with standard	Period I Standard of Emission Standard of Volatile Organic Compounds for Container Manufacturing of Guangdong Province	Comply with standard	–	Nill

Construction and operation of pollution prevention and control facilities:

Name of subsidiary	Construction and operation of pollution prevention and control facilities
Southern CIMC Logistics Equipment Manufacturing Co., Ltd.	I. Exhaust gas pollution control facilities: The company has 5 sets of exhaust gas treatment facilities in phase II and 6 sets of exhaust gas treatment facilities and 3 sets of exhaust gas treatment facilities for pre-treatment in phase III. II. The company has 1 industrial wastewater treatment station with a treatment capacity of 450m³/d. All of the industrial wastewater is reused in the workshops with zero emission. III. Domestic sewage is discharged into the municipal sewage network after treatment in septic tanks and finally reaches Shangyang Sewage Treatment Plant for treatment.
Nantong CIMC Shunda Containers Co., Ltd. and Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	I. Exhaust gas pollution control facilities: The production workshops of the two companies have to conduct sandblasting. The sandblasting rooms have suction inlets connecting to the dedusting system to process and emit the dust produced during the operation. Paint spraying is conducted in specialised paint spraying rooms which are airtight in slightly negative pressure. The paint mist and organic exhaust produced by the coating first-line of Special Transportation Equipment company and Shunda company during the coating process are purified and treated by the "water curtain spray + paint mist filter + multi-stage activated carbon adsorption + solvent recovery" devices. The coating second-line of Special Transportation Equipment company uses "water curtain spray + paint mist filter + activated carbon adsorption and desorption with catalytic combustion" devices for exhaust treatment. II. After second phase of renovation, the sewage treatment facilities of the two companies reaches 600m³/d at present. The actual treatment volume is approximately 300m³/d. The sewage treatment uses the technique of biochemical + physicochemical treatment. The quality of treated wastewater complies with the Grade III emission standard.
Shanghai CIMC Baowell Industries Co. Ltd.	I. The company has 4 sets of exhaust gas treatment facilities with an aggregate treatment capacity of 308,000m³/h of wind. The organic exhaust treatment uses the technique of "activated carbon adsorption + steam desorption + condensation recovery". II. The company has 1 industrial wastewater treatment station with treatment capacity of 6t/d and 140t/d for desorption wastewater and paint spraying recycling water respectively. The industrial wastewater is treated by using the "coagulating air floatation + catalytic oxidation + UASB + MBR" technique. All of the industrial wastewater is reused in the workshops with zero emission. III. The company has 1 set of domestic sewage treatment facilities with a treatment capacity of 280t/d. The domestic sewage is treated by using the "biochemical treatment + physicochemical treatment" technique and is discharged into the municipal sewage network after treatment and finally reaches the sewage treatment plant for treatment.

Name of subsidiary	Construction and operation of pollution prevention and control facilities
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	I. Exhaust gas pollution control facilities comprise 4 sets of exhaust gas treatment facilities. II. The company has 1 industrial wastewater treatment station with a treatment capacity of 100m³/d. The industrial wastewater is treated by using the "coagulating air floatation + frame filter press for separation of water and residue + anaerobic biochemical reaction + aerobic biochemical reaction + MBR" technique. All of the industrial wastewater is reused in the workshops with zero emission. III.Domestic sewage is discharged into the municipal sewage network after treatment in septic tanks and finally reaches the sewage treatment plant for treatment.
Shenzhen CIMC Special Vehicle Co., Ltd.	I. The company has 5 sets of exhaust gas treatment facilities which use the treatment techniques of rotary water filter + activated carbon adsorption and high-altitude emissions. II. The company has 1 set (wattmen-ductationattm(wastewaterattmr tr)tt7(eatmentattm(facilities 1311

XVII. EXPLANATION ON OTHER MATERIAL EVENTS

1. On 17 January 2017, as certain matters still need to be resolved, the Company submitted an application to the CSRC for the suspension of inspection of the documents of the Non-public Offering of A Shares. On 9 June 2017, in order to ensure the implementation of the relevant work, upon consideration and approval at the annual general meeting of 2016, the first 2017 class meeting of A Shares and the first 2017 class meeting of H Shares, the Company revised its issuance proposal for the Non-public Offering of A Shares and extended the validity period of the resolution by the shareholders' general meeting as well as the validity period of the mandate for the Board. For relevant information, please refer to the relevant announcements dated 17 January, 21 April and 9 June 2017 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) (Notice No.: [CIMC]2017-002, [CIMC]2017-024 and [CIMC]2017-033) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). As at the end of the Reporting Period, the Non-public Offering of A Shares is still suspended.

2. On 7 April 2017, China Merchants Port Holdings Company Limited, the former shareholder of the Company, transferred all shares of its wholly-owned subsidiary Soares Limited (indirectly holding shares of the Company through the wholly-owned subsidiary China Merchants (CIMC) Inve0.8 k/y

XVIII. MATERIAL EVENTS OF SUBSIDIARIES

☐ Applicable √ Not Applicable

XIX. SIGNIFICANT SUBSEQUENT EVENTS

1. On 5 July 2017, EIHL (Shenzhen) entered into the relevant agreement with SOE and SOE Bankruptcy and Liquidation Team (南通太平洋破產清算組) to propose to purchase the major assets of SOE through acquiring the entire equity interests in SOE. On 4 August 2017, the SOE Restructuring Plan was approved at the creditors' meeting of SOE and approved by the court. On 16 August 2017, SOE has become an indirect wholly-owned subsidiary of CIMC Enric and an indirect non-wholly-owned subsidiary of the Group. SOE has renamed as "南通中集太平洋海洋工程有限公司" (Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd.). For relevant information, please refer to the announcements dated 6 July, 4 August and 16 August 2017 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo. com.cn), the Company's website (www.cimc.com) (Notice No.: [CIMC]2017-036, [CIMC]2017-047 and [CIMC]2017-054) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

2. On 17 July 2017, CIMC Skyspace Real Estate and CGRE entered into a capital increase agreement, pursuant to which CGRE injected an amount of RMB926,322,300 into the capital of CIMC Skyspace Real Estate and held as to 25% of its equity after the completion while the Company held 61.5% equity interest in CIMC Skyspace Real Estate though CIMC Shenfa. For relevant information, please refer to the announcements dated 17 July 2017 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) (Notice No.: [CIMC] 2017-040) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

3. On 3 August 2017, Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集装箱製造有限公司) ("Southern CIMC"), a wholly-owned subsidiary of the Company, and China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) ("China Merchants Shekou") entered into a relocation compensation agreement for the land in Prince Bay, Shekou, pursuant to which Southern CIMC agreed to relocate and return the leasehold land in Prince Bay, Shekou to China Merchants Shekou and China Merchants Shekou agreed to pay compensation based on the appraised value of RMB494,894,588. Such matter has been submitted to the first extraordinary general meeting in 2017 of the Company to be convened on 26 September 2017 for consideration and approval. For relevant information, please refer to the announcements dated 3 August and 11 August 2017 and the notice of general meeting disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) (Notice No.: [CIMC] 2017-045 and [CIMC] 2017-052) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

XX. CORPORATE BONDS

The Company has no publicly issued corporate bonds that are listed on stock exchanges, undue as at the date approving the issue of the 2017 interim report or falling due but not fully repaid.

I. CHANGES IN SHAREHOLDINGS IN THE REPORTING PERIOD

1. Change in Share Capital

Unit: Shares

	Pre-movement (As at 31 December 2016)		Increase/decrease (+/–)					Post-movement (As at 30 June 2017)	
	Numbers of shares	Percentage	New issue	Bonus issue	Conversion from reserves	Others	Sub-total	Numbers of shares	Percentage
I. Shares with selling restrictions	699,526	0.02%	0	0	0	28,500	28,500	728,026	0.02%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned companies	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	699,526	0.02%	0	0	0	28,500	28,500	728,026	0.02%
Shares held by domestic legal person	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	699,526	0.02%	0	0	0	28,500	28,500	728,026	0.02%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign legal person	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shares without selling restrictions	2,977,877,460	99.98%				0	0.00%	0	0	0	0	0

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II.

Chapter VII Changes in Share Capital and Information on Substantial Shareholders

Approval for changes in share capital

☐ Applicable √ Not Applicable

Transfer for changes in shares

☐ Applicable √ Not Applicable

Effects of changes in share capital on financial indicators such as the basic earnings per share and diluted

2. Changes in Shares with Selling Restrictions

√ Applicable ☐ Not Applicable

Unit: Shares

Name of Shareholders	Number of shares with selling restrictions at the beginning of the period	Number of shares with selling restrictions expired in the period	Increase in number of shares with selling restrictions in the period	Number of shares with selling restrictions at the end of the period	Reasons for selling restrictions	Expiry date of selling restrictions
Mai Boliang (Note 1)	371,026	0	0	371,026	Shares subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	Nil
Yu Ya (Note 1)	75,000	0	0	75,000	Same as above	Nil
Jin Jianlong (Note 2)	157,500	0	52,500	210,000	Retired on 27 March 2017. Shares held by him without restrictions were locked since his length of service falls below six months as at the date of this Report.	Nil
Liu Xuebin (Note 3)	96,000	(24,000)	0	72,000	Shares subject to selling restrictions released from selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	3 January 2017
Total	699,526	(24,000)	52,500	728,026	--	--

Note 1: Mai Boliang holds 371,026 shares subject to selling restrictions attributable to executives. Yu Ya holds 75,000 shares subject to selling restrictions attributable to executives. 25% of the total shares held by them will not be subject to selling restrictions at the beginning of each year and the unsold part will be included into the total shares held by the senior management to calculate the shares with selling restrictions for the next year.

Note 2: On 27 March 2017, the Company's senior management Jin Jianlong retired upon his expiry of term. As at the end of the Reporting Period, 210,000 A shares (including 52,500 circulating shares without selling restrictions) held by him were all subject to selling restriction since his length of service fell below six months.

Note 3: part 1218 monthsDurir manflevald 5(below 808 months)52q]TJwork seniondh6(7( )3mpany)dn ss vi7w 1 0l(s vi65 -1.9)219 0l(s vi.048 ase[dhe 5 andhe 1 760.-1.9c[dh6)5.4(s 6(0000i(

III. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE COMPANY

As at 30 June 2017, the total number of Shareholders of the Company was 80,942, including: 12 holders of H Shares and 80,930 holders of A Shares.

Unit: Shares

Total ordinary Shareholders at the end of the Reporting Period	Total: 80,942 (including: A Shares: 80,930, H Shares: 12)			Total number of preference Shareholders whose voting rights were restored at the end of the Reporting Period (if any)				0
Shareholdings of the ordinary Shareholders who hold above 5% or the top ten ordinary Shareholders								
Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Number of ordinary shares held at the end of the Reporting Period (Shares)	Changes during the Reporting Period (Shares)	Number of ordinary shares with selling restrictions (Shares)	Number of ordinary shares without selling restrictions (Shares)	Pledged or frozen shares Status	Number
HKSCC Nominees Limited (Note 1)	Foreign legal person	57.59%	1,716,412,609	65,099,538	–	1,716,412,609	–	0
COSCO Container Industries Limited (Note 2)	Foreign legal person	14.50%	432,171,843	–	–	432,171,843	–	0
China Securities Finance Corporation Limited	State-owned legal person	2.70%	80,414,863	(6,252,204)	–	80,414,863	–	0
Central Huijin Asset Management Ltd.	State-owned legal person	1.27%	37,993,800	–	–	37,993,800	–	0
ICBC Credit Suisse Fund – Agricultural Bank –ICBC Credit Suisse China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600	–	0
Zhong Ou Fund – Agricultural Bank –Zhong Ou China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600	–	0
Bosera Funds – Agricultural Bank –Bosera China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600	–	0
Dacheng Fund – Agricultural Bank –Dacheng China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600	–	0
Harvest Fund – Agricultural Bank –Harvest China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600	–	0
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600	–	0
The relationship or concerted action of the above mentioned Shareholders	Unknown							

IV. CHANGE OF CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

1. Controlling Shareholders of the Company

☐ Applicable √ Not Applicable

There is no controlling Shareholder in the Company. During the Reporting Period, there was no change.

2. De Facto Controller

☐ Applicable √ Not Applicable

There is no de facto controller in the Company. During the Reporting Period, there was no change.

V. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS UNDER THE SFO OF HONG KONG

As far as the Directors are aware, as at 30 June 2017, the persons (other than the Directors, Supervisors or the chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the SFO are as follows:

Name of Shareholder	Nature of shares	Number of shares (Shares)	Capacity	Percentage of such shares in the same class of the issued shares (%)	Percentage of such shares in the total issued shares (%)
China Merchants Group (Note 1)	H Shares	730,557,217 (L)	Interest of corporation controlled by the substantial Shareholder	42.56%	24.51%
China COSCO Shipping (Note 2)	A Shares	432,171,843 (L)	Interest of corporation controlled by the substantial Shareholder	34.20%	14.50%
	H Shares	245,842,181 (L)	Interest of corporation controlled by the substantial Shareholder	14.32%	8.25%
Zhao John Huan (Note 3)	H Shares	358,251,896 (L)	Interest of corporation controlled by the substantial Shareholder	20.87%	12.02%
Broad Ride Limited (Note 3)	H Shares	215,203,846 (L)	Beneficial owner	12.54%	7.22%
	H Shares	143,048,050 (L)	Person having security interest in shares	8.33%	4.80%
Promotor Holdings Limited	H Shares	143,048,050 (L)	Beneficial owner	8.33%	4.80%

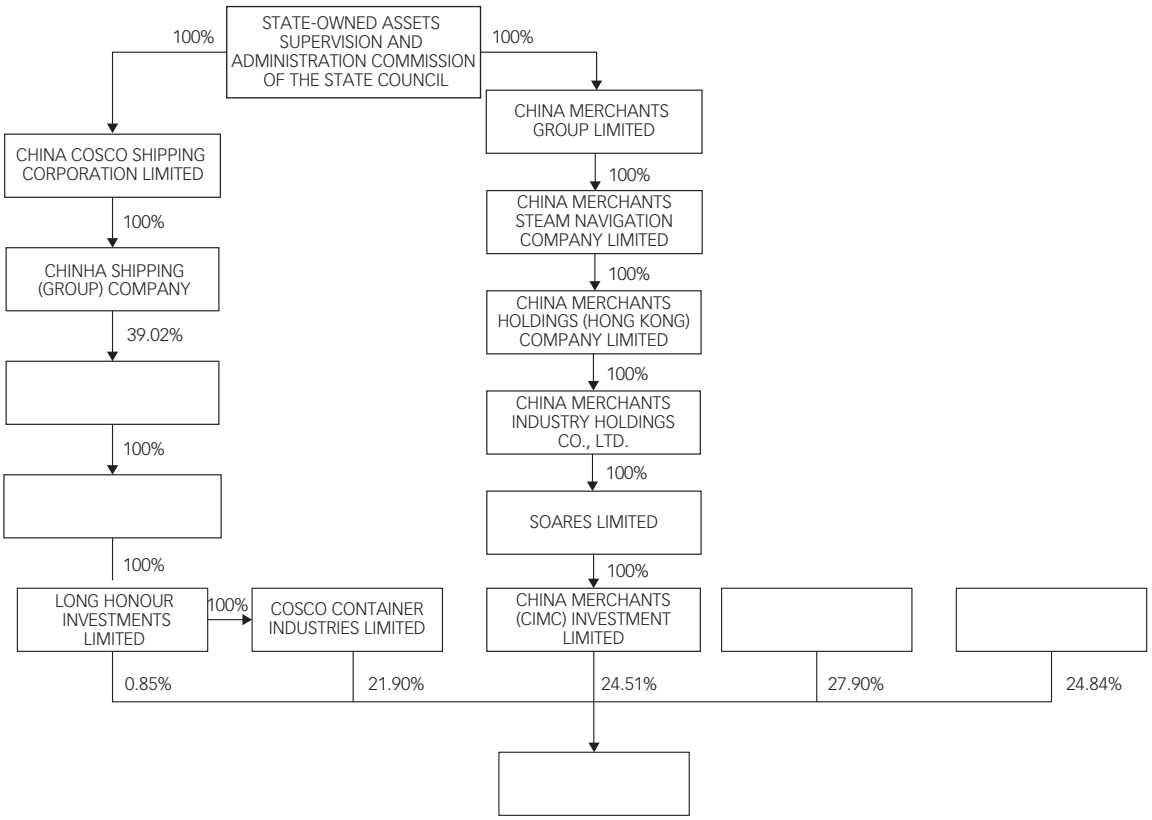
(L) Long Position

Note 1: 730,557,217 H shares were held by China Merchants (CIMC) Investment Limited in the capacity of beneficial owner. China Merchants (CIMC) Investment Limited was wholly-owned by Soares Limited, which was in turn wholly-owned by China Merchants Industry Holdings Co., Ltd., which was wholly-owned by China Merchants Holdings (Hong Kong) Company Limited, which was wholly-owned by China Merchants Steam Navigation Company Limited, which was wholly-owned by China Merchants Group. Accordingly, pursuant to Part XV of the SFO, China Merchants Group was deemed to have interests in the 730,557,217 H shares of the Company.

Note 2: Among which, 220,520,075 H shares were held by COSCO Container Industries Limited in the capacity of beneficial owner. 25,322,106 H shares were held by Long Honour Investments Limited in the capacity of beneficial owner. COSCO Container Industries Limited was wholly-owned by Long Honour Investments Limited, which was in turn wholly-owned by COSCO Shipping Development (Hong Kong) Co., Limited, which was wholly-owned by COSCO

Chapter VII Changes in Share Capital and Information on Substantial Shareholders

Shareholding Relationships between the Company and the Substantial Shareholders as of the end of the Reporting Period



I. CHANGES ON SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

√ Applicable ☐ Not Applicable

Unit: Shares

1. Interest in the Shares of the Company:

Name	Nature of interest	Class of shares	Number of shares (shares)	Percentage of such shares in the issued shares of the same class (%)	Percentage of such shares in the total issued shares (%)
Mai Boliang	Beneficial interest	A Shares	494,702	0.04%	0.02%

2. Interest in the Underlying Shares of the Company:

For details of the interests in the underlying shares of the Company held by Directors, Supervisors and the chief executive of the Company as at 30 June 2017, please refer to "XII. Implementation of the Company's Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" under "Chapter VI Significant Events" in this Report.

3. Interests in the Shares of Associated Corporations of the Company:

Name	Associated corporation	Nature of interest	Number of shares held (shares)	Percentage of such shares in the total issued shares or total equity interest (%)
Mai Boliang	CIMC Vehicle (Group)	Beneficiary of a trust	Not applicable	0.74% (Note)
	CIMC Enric	Beneficial interest	3,260,000	0.17%

Note: Mr. Mai Boliang indirectly held 0.74% interest in CIMC Vehicle (Group) by holding 4.69% share in the CR Trust CIMC Vehicle (Group) Equity Trust Plan. For the details of the CR Trust CIMC Vehicle (Group) Equity Trust Plan, please refer to "(3) Implementation of the equity trust scheme of the subsidiary CIMC Vehicle (Group)" of "XII. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" under "Chapter VI Significant Events" in this Report.

Save as disclosed above, as at 30 June 2017, as far as the Directors of the Company are aware, none of the Directors, Supervisors and the chief executive held any interest or short position in the shares, underlying shares and debentures (within the meaning of Part XV of the SFO) of the Company and any of its associated corporations, which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code contained in Appendix 10 of the Hong Kong Listing Rules.

IV. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

There was no change in information of the current Directors and Supervisors of the Company during the Reporting Period. For details, please refer to 2016 Annual Report.

Chapter IX 2017 Interim Financial Report (Unaudited)

1. AUDIT REPORT

Whether the interim report audited or not

☐ Applicable √ Not Applicable

The 2017 Interim Financial Report of the Company has not been audited.

2. FINANCIAL REPORT

China International Marine Containers (Group) Co., Ltd.

The financial report for the period from 1 January 2017 to 30 June 2017

The notes to the financial statements are denominated in: RMB'000

Consolidated Balance Sheet

As at 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	30 June 2017	31 December 2016

Consolidated Balance Sheet (Continued)

As at 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	30 June 2017	31 December 2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	IV.25	**17,945,748**	15,729,787
Financial liabilities at fair value through profit or loss	IV.26	**134,772**	141,806
Notes payable	IV.27	**1,253,175**	1,551,582
Accounts payable	IV.28	**11,345,178**	10,160,951
Advances from customers	IV.29	**4,545,835**	3,780,694
Employee benefits payable	IV.30	**2,120,417**	2,115,247

Balance Sheet

As at 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	30 June 2017	31 December 2016
ASSETS			
Current assets:			
Cash at bank and on hand	XVI.1	**2,300,326**	2,660,222
Dividends receivable	XVI.2	**4,704,365**	4,755,818
Other receivables	XVI.3	**12,968,574**	13,131,416
Other current assets		**7,685**	9,272
Total current assets		**19,980,950**	20,556,728
Non-current assets:			
Available-for-sale financial assets	XVI.4	**388,905**	388,905
Long-term equity investments	XVI.5	**9,490,535**	9,375,276
Fixed assets		**101,398**	102,372
Construction in progress		**16,931**	844
Intangible assets		**14,336**	14,466
Disposal of fixed assets		**207**	–
Long-term prepaid expenses		**35,115**	40,730
Deferred tax assets	XVI.14	**49,636**	52,280
Total non-current assets		**10,097,063**	9,974,873
TOTAL ASSETS		**30,078,013**	30,531,601

Balance Sheet (Continued)

As at 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Note	30 June 2017	31 December 2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings	XVI.6	**3,660,000**	2,710,000
Financial liabilities at fair value through profit or loss	XVI.7	**–**	65
Employee benefits payable		**196,808**	205,760
Taxes payable	XVI.8	**4,024**	3,646
Interest payable	XVI.9	**225,564**	75,755
Dividends Payable		**178,332**	–
Other payables	XVI.10	**2,185,522**	2,990,804
Provisions		**–**	79,104
Current portion of non-current liabilities	XVI.11	**995,000**	800,000
Total current liabilities		**7,445,250**	6,865,134
Non-current liabilities:			
Financial liabilities at fair value through profit or loss	XVI.7	**1,738**	3,296
Long-term borrowings	XVI.12	**826,000**	1,621,000
Debentures payable	XVI.13	**7,986,500**	7,986,500
Deferred income		**36,276**	37,429
Total non-current liabilities		**8,850,514**	9,648,225
Total liabilities		**16,295,764**	16,513,359
Shareholders' equity			
Share capital		**2,980,353**	2,978,577
Other equity instruments		**1,981,143**	2,049,035
Capital surplus	XVI.15	**3,304,356**	3,287,149
Other comprehensive income	XVI.16	**43,754**	43,754
Surplus reserve		**3,279,379**	3,279,379
Undistributed profits		**2,193,264**	2,380,348
Total equity attributable to shareholders and other equity holders		**13,782,249**	14,018,242
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**30,078,013**	30,531,601

The accompanying notes form an integral part of these financial statements.

Legal representative's authorised person: Mai Boliang

The person in charge of accounting affairs: Zeng Han

The head of the accounting department: Zeng Han

Consolidated Income Statement

For the period from 1 January to 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

		Note	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
I.	**Revenue**	IV.50	**33,387,152**	23,542,843
	Less: Cost of sales	IV.50	**27,241,564**	19,126,496
	Taxes and surcharges	IV.51	**216,183**	194,236
	Selling and distribution expenses	IV.52	**1,256,253**	1,036,129
	General and administrative expenses	IV.53	**2,368,039**	1,982,301
	Financial expenses-net	IV.54	**594,251**	304,944
	Asset impairment losses	IV.58	**234,437**	1,267,501
	Add: profit/(loss) from changes in fair value	IV.56	**(32,626)**	137,104
	Investment Income	IV.57	**(10,628)**	(87,328)
	Including: Share of profit/(losses) of associates and joint ventures		**2,538**	13,800
	Other income	IV.59	**91,032**	–
II.	**Operating profit**		**1,524,203**	(318,988)
	Add: Non-operating income	IV.60	**84,343**	167,289
	Including: Profits on disposal of non-current assets		**31,127**	6,153
	Less: Non-operating expenses	IV.61	**32,404**	14,145
	Including: Losses on disposal of non-current assets		**17,388**	9,485
III.	**Total profit**		**1,576,142**	(165,844)
	Less: Income tax expenses	IV.62	**509,633**	375,316
IV.	**Net profit**		**1,066,509**	(541,160)
	Attributable to shareholders and other equity holders of the Company		**796,898**	(378,034)
	Minority interests		**269,611**	(163,126)
V.	**Other comprehensive income/(losses), net of tax**	IV.47	**99,022**	328,231
	Attributable to shareholders and other equity holders of the Company		**72,424**	274,766
	Items that may be reclassified subsequently to profit or loss		**72,424**	274,766
	Change in value of available-for-sale financial assets		**(241)**	949
	Gain of cash flow hedges – after tax		**6,072**	(490)
	Currency translation differences		**66,593**	274,307
	Minority interests		**26,598**	53,465
VI.	**Total comprehensive income**		**1,165,531**	(212,929)
	Attributable to shareholders and other equity holders of the Company		**869,322**	(103,268)
	Minority interests		**296,209**	(109,661)
VII.	**Earnings per share**			
	(I) Basic earnings per share (RMB)	IV.63	**0.2554**	(0.1444)
	(II) Diluted earnings per share (RMB)	IV.63	**0.2544**	(0.1444)

The accompanying notes form an integral part of these financial statements.

Legal representative's authorised person: Mai Boliang

The person in charge of accounting affairs: Zeng Han

The head of the accounting department: Zeng Han

Income Statement

For the period from 1 January to 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

		Note	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
I.	**Revenue**	XVI.17	**96,917**	69,104
	Less: Cost of sales	XVI.17	**1,452**	24,006
	Taxes and surcharges		**–**	3,373
	General and administrative expenses		**129,167**	109,800
	Financial expenses-net		**296,143**	(99,572)
	Asset impairment losses		**–**	–
	Add: Profit from changes in fair value	XVI.18	**1,623**	1,985
	Investment income	XVI.19	**359,040**	118,963
	Other income	XVI.20	**2,211**	–
II.	**Operating profit**		**33,029**	152,445
	Add: Non-operating income	XVI.21	**21**	1,137
	Including: Gains on disposal of non-current assets		**–**	116
	Less: Non-operating expenses	XVI.22	**1,746**	249
	Including: Losses on disposal of non-current assets		**586**	1
III.	**Total profit**		**31,304**	153,333
	Less: Income tax expenses/(Income)	XVI.23	**2,644**	27,968
IV.	**Net profit**		**28,660**	125,365
V.	**Other comprehensive income, net of tax**		**–**	–
VI.	**Total comprehensive income**		**28,660**	125,365

The accompanying notes form an integral part of these financial statements.

Legal representative's authorised person: Mai Boliang

The person in charge of accounting affairs: Zeng Han

The head of the accounting department: Zeng Han

Consolidated Cash Flow Statement

For the period from 1 January to 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

		Note	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
I.	**Cash flows from operating activities:**			
	Cash received from sales of goods or rendering of services		**32,885,118**	26,966,364
	Refund of taxes and surcharges		**1,044,746**	536,836
	Cash received relating to other operating activities	IV.64(1)	**709,660**	252,053
	Sub-total of cash inflows		**34,639,524**	27,755,253
	Cash paid for goods and services		**29,731,503**	21,688,702
	Cash paid to and on behalf of employees		**3,003,021**	2,703,551
	Payments of taxes and surcharges		**1,050,104**	1,102,475
	Cash paid relating to other operating activities	IV.64(2)	**1,523,112**	1,326,793
	Sub-total of cash outflows		**35,307,740**	26,821,521
	Net cash outflow/(inflows) from operating activities	IV.65(1)	**(668,216)**	933,732
II.	**Cash flows from investing activities:**			
	Cash received from disposal of investments		**600**	115,920
	Cash received from returns on investments		**21,903**	241,771
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**37,940**	11,643
	Net cash received to disposal subsidiaries and other business units		**–**	7
	Sub-total of cash inflows		**60,443**	369,341
	Cash paid to acquire fixed assets intangible assets and other long-term assets		**1,421,152**	4,189,354
	Cash paid to acquire investments		**142,020**	791,687
	Net cash paid to acquire subsidiaries		**5,000**	764,577
	Sub-total of cash outflows		**1,568,172**	5,745,618
	Net cash outflows from investing activities		**(1,507,729)**	(5,376,277)

Chapter IX 2017 Interim Financial Report (Unaudited)

Cash Flow Statement

For the period from 1 January to 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Consolidated Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

Item	For the Period from 1 January to 30 June 2017	2016

Statement of Changes in Shareholders' Equity

For the period from 1 January to 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Item	Note	From 1 January to 30 June 2017							2016						
		Share capital	Other equity instruments	Capital surplus	Surplus reserve	Other comprehensive income	Undistributed profits	Total shareholders' equity	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Other comprehensive income	Undistributed profits	Total shareholders' equity
I. Balance at 31 December 2016		2,978,577	2,049,035	3,287,149	3,279,379	43,754	2,380,348	14[2,380,3)0.5(48)( )Tj ETq3f8.214 0 48e							

I. GENERAL INFORMATION

China International Marine Containers (Group) Co., Ltd. (the "Company"), formerly "China International Marine Containers Co., Ltd.", was a Sino-foreign joint venture set up by China Merchants Group, the East Asiatic Company (Denmark) and Ocean Containers Inc.(USA). In December 1992, as approved by "Shen Fu Ban Fu [1992] 1736" issued by the General Office of the People's Government of Shenzhen and "Shen Ren Yin Fu Zi (1992) 261" issued by Shenzhen Special Economic Zone Branch of People's Bank of China, the Company was restructured as an incorporated company set up by directional subscription and was renamed as "China International Marine Containers Co., Ltd." by the original corporate shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued ordinary shares denominated in Renminbi for domestic investors (A Shares) and for foreign shares issued domestically (B Shares), and commenced trading on Shenzhen Stock Exchange. Pursuant to "Shen Fu Ban Fu [1993] 925" issued by the General Office of the People's Government of Shenzhen and "Shen Zheng Ban Fu [1994] 22" issued by Shenzhen Securities Administration Office On 1 December 1995, as approved by the State Administration of Industry and Commerce, the Company changed its name to "China International Marine Containers (Group) Co., Ltd". The Registered Address and Address of Head Office of the company is 8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC.

On 19 December 2012, the Company's domestically listed foreign shares (B shares) changed listing location and went publication on the main market of the Stock Exchange of Hong Kong through the way of introduction. Henceforth, all the company's B shares converted to overseas listed foreign shares (H shares).

The principal activities of the Company and its subsidiaries (together referred to as the "Group") are the manufacturing of modern transportation facilities, facilities for energy, food, chemistry and rendering of relative services. Detailed activities are the manufacturing and repairing of containers and other relevant business; utilizing the Group's equipment to process and manufacture various parts, structure components and relevant machines; providing cutting, punching, moulding, riveting surface treatment (including sand/paint spraying, welding and assembly) and other processing services; developing, manufacturing and selling of various high-tech and high performance special vehicles, heavy truck, airport equipment, fire-engine and semi-trailers; leasing of containers; developing, production and sales of high-end fuel gas equipments such as pressure container and compressor; providing integrated services for natural gas distribution; production of static container and pot-type wharf equipments and providing EP+CS (engineering procurement and construction supervision) technical service for the storage and processing of LNG, LPG and other petrochemical gases. Apart from the above, the Group is also engaged in financial equity investment, manufacturing of logistic equipment and related services, marine projects, railway trucks production and property development, etc.

CIMC Enric Holdings Limited ("CIMC Enric"), the subsidiary of the Group, is listed in the Main Board of the Stock Exchange of Hong Kong Limited. The principal activities of Enric are the design, development, manufacturing, engineering and sales of, and the provision of technical maintenance service for, a wide spectrum of transportation, storage and processing equipment that is widely used in energy, chemical and liquid food industries.

Pteris Global Limited ("Pteris"), the subsidiary of the Group, is listed on the mainboard of the Catalist of Singapore Exchange Ltd. The principal activities of the Pteris Global Ltd are electrical products used in airports and ports, automatic parking system and equipment, automation logistics warehousing system and equipment, airport equipment(aviation food vehicles, self-propelled aircraft deicing vehicle, anti ice, container, pallet loaders, spreading vehicle, snowplows, friction coefficient test vehicle), installation and after sale service of self-produced products and agents product and provide parking management services. Pteris delisted from the Singapore Exchange Ltd. since 7 September 2016.

I. GENERAL INFORMATION (CONTINUED)

Please refer to Note VI for details of subsidiaries included in the scope of consolidation and also refer to Note V.1 for the details of subsidiaries newly included in the scope of consolidation. Please refer to Note V.2 for the details of subsidiaries excluded from the scope of consolidation.

This financial statements have been approved for announcement by the Company's Board of Directors on 28 August 2017.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group makes specific accounting policies and accounting estimates according to characteristics of its business operations, which include provision of bad debt of receivables (Note II.10), the cost of inventories(Note II.11), the criteria for determining impairment of non-current assets (Note II.20), depreciation policy of fixed assets and amortisation policy of intangible assets (Note II.14 and 17), measurement of provisions (Note II.21) and revenue recognition (Note II.23), etc.

Key judgments applied for critical accounting policies by the Group are disclosed in Note II.34.

1. Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, the

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements

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

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

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

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

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

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements (Continued)

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

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

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

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

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

8. Foreign currency transactions and translation of financial statements denominated in foreign currency

When the Group receives capital in foreign currencies from investors, the capital is translated to functional currency at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to functional currency at the rates that approximate the spot exchange rates at the dates of the transactions.

A spot exchange rate is an exchange rate quoted by the People's Bank of China. A rate that approximates the spot exchange rate is a rate determined under a systematic and rational method, normally the average exchange rate of the current period or the weighted average exchange rate.

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences, except for those arising from the principal and interest of specific foreign currency borrowings for the purpose of acquisition, construction or production of qualifying assets (see Note II.16), are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income. The effect of exchange rate changes on cash presented separately in the cash flow statement.

The assets and liabilities of foreign operation are translated to functional currency at the spot exchange rates at the balance sheet date. The equity items, excluding "Retained earnings", are translated to functional currency at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated to functional currency at the rates that approximate the spot exchange rates at the transaction dates. The resulting translation differences are recognised in a separate component of equity. Upon disposal of a foreign operation, the cumulative amount of the translation differences recognised in equity which relates to that foreign operation is transferred to profit or loss in the period in which the disposal occurs. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash presented separately in the cash flow statement.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments

Financial instruments include cash at bank and on hand, financial assets at fair value through profit or loss, receivables, available-for-sale financial assets, investments in equity securities other than long-term equity investments, payables, loans, borrowings and debentures payables.

(1) Financial Assets

( )

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in short term.

b. Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

( )

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initial recognition amounts.

Financial assets at fair value through profit or loss are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables are measured at amortised cost using the effective interest method.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Financial Assets (Continued)

( )

Gain or loss arising from change in the fair value of financial assets at fair value through profit or loss is recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

Accumulated fair value adjustments of available-for-sale financial assets are recognised in equity except impairment and exchange gains and losses of foreign currency financial assets. When available-for-sale financial assets are disrecognised, the accumulated fair value adjustments recognised in equity are included in the income statement. Interest on available-for-sale securities calculated using the effective interest method and cash dividends on available-for-sale equity instruments when the group's right to receive payments is established are recognised in the income statement as part of other income.

( )

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, the Group determines the amount of impairment loss.

Objective evidence indicating a financial asset is impaired represents matters actually happen subsequently to the initial recognition of the financial assets and exert influences the financial assets' estimated future cash flows which can be reliably measured by the Group.

Evidence of held-to-maturity equity instrument is impaired comprises a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. The Group assesses all available-for-sale financial assets on an individual basis at each balance sheet date. Impairment loss should be recognised if the fair value of an equity instrument has is than 50% (50% inclusive) of its initial investment cost or in the case that the fair value has been less than the initial investment cost for more than one year(one year inclusive). The Group will consider other relevant factors, such as the price volatility, to determine whether an impairment loss should be recognised for the equity instrument if the decline in

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Financial Assets (Continued)

( ) ( )

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(2) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities.

Payables, including accounts payable and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and debentures payable are recognised initially at fair value, net of transaction costs incurred and subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Subsequently, the liabilities are measured at the higher of the initial fair value less cumulative amortisation recognised in the statement of income, and the amount of provision based on the principle of contingencies (see Note II.21).

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year(inclusive) at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognised or partly derecognised when the current obligation is discharged or partly discharged. The difference between the carrying amount of the financial liability or the derecognised part of the financial liability and the consideration paid is recognised in profit or loss.

(3) Determination of fair value

The fair value of a financial instrument that is traded in an active market is determined at the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using an appropriate valuation technique that is applicable to current circumstances and supported by sufficient available data and other information. Valuation techniques mainly include market approach and income approach. When applying valuation techniques, inputs used by market participants in the transactions of the assets or liabilities with similar characteristics would be used and observable inputs would be given priority to the extent possible. Unobservable inputs would only be used when it is impossible or impracticable to obtain relevant observable inputs.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(4) Equity instrument

An equity instrument is a contract that proves the ownership interest of the assets after deducting all liabilities in the Group.

The perpetual capital instrument is recognised as part of the equity when there is no contractual obligation to repay the principal or pay any interest or dividend.

The consideration received from the issuance of equity instruments net of transaction costs which belong to equity transactions directly is recognised in shareholders' equity. Where other equity instruments distribute dividends or interest during the period of existence are treated as profit distribution.

Consideration and transaction costs paid by the Group for repurchasing self-issued equity instruments are deducted from shareholders' equity.

10. Receivables

Receivables comprise of accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

Receivables are assessed for impairment both on an individual basis and on a collective group basis.

Where impairment is assessed on an individual basis, an impairment loss in respect of a receivable is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate. All impairment losses are recognised in profit or loss.

The assessment is made collectively where receivables share similar credit risk characteristics (including those having not been individually assessed as impaired), based on their historical loss experiences, and adjusted by the observable figures reflecting present economic conditions.

If, after an impairment loss has been recognised on receivables, there is objective evidences of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss. A reversal of an impairment loss will not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(1) Receivables that are individually significant and impairment provided on an individual basis:

Criteria of provision for receivable that are individually significant and impairment provided on an individual basis.	Individually significant receivables are the receivables with the individual amount over RMB10 million (inclusive) or accounting to 5% or more of the total receivables.
Method of provision for receivable that are individually significant and impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

(2) Receivable that are individually insignificant but impairment provided on an individual basis:

Criteria of provision for receivables that are individually insignificant but impairment provided on an individual basis.	Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristics.
Method of provision for receivable that are individually insignificant but impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(3) Receivables that are assessed for impairment on a collective group basis:

For receivables that have not been individually assessed as impaired in (1) and (2), further assessment is made collectively on a group basis with receivables that share similar credit risk characteristics.

Determination method of the group based on credit risk characteristics	Accounts receivable are divided into seven groups of containers,

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

10. Receivables (Continued)

(3) Receivables that are assessed for impairment on a collective group basis: (Continued)

For the above groups, provision is made based on their respective ageing analysis follows:

Ageing	Percentage of total accounts receivable (%) Group 1, 2, 4, 5, 6	Group 3
Within 1 year (inclusive)	5%	0%-5%
1 to 2 years (inclusive)	30%	30%
Over 2 years	100%	100%

(4) When the Group transfers the accounts receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognised in profit or loss for the current period.

11. Inventories

(1) Classification

Inventories include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets.

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Inventories (Continued)

(3) The underlying factors in the determination of net realisable values of inventories and basis of provision for decline in value of inventories

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. Borrowing costs directly related to the production of qualifying inventories are also included in the cost of inventories (see Note II.16). In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labour costs and an appropriate allocation of production overheads.

At the balance sheet date, inventories are carried at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the normal course of business less the estimated costs to completion and the estimated expenses and related taxes necessary to make the sale. The net realisable value of materials held for use in the production of inventories is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is based on the contract price. If the quantities of inventories specified in sales contracts are less than the quantities held by the Group, the net realisable value of the excess portion of inventories shall be based on general selling prices.

Any excess of the cost over the net realisable value of each class of inventories is recognised in profit or loss as a provision for diminution in the value of inventories.

(4) Inventory system

The Group maintains a perpetual inventory system.

(5) Amortisation of reusable material including low-value consumables and packaging material

Reusable materials including low-value consumables and packaging materials are amortised in full when received for use. The amounts of the amortisation are included in the cost of the related assets or profit or loss.

12. Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries and the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are the investees over which the Group is able to exercise joint control together with other ventures and the Group enjoys the rights only on the net assets of investees. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method. Investments in joint ventures and associates are accounted for using the equity method.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(1) Determination of investment cost

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through a business combination involving enterprises under common control, the investment cost shall be the absorbing party's share of the carrying amount of owners' equity of the party being absorbed at the combination date; for long-term equity investment acquired through a business combination involving enterprises not under common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost shall be the fair value of the equity securities issued.

(2) Subsequent measurement

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognised as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognises the investment income according to its share of net profit or loss of the investee. If the accounting policies and the accounting periods are inconsistent between the Company and investees, the financial statements of investees are adjusted in accordance with the accounting policies and accounting period of the Company. The Group discontinues recognising its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. For changes in owners' equity of the investee other than those arising from its net profit or loss, the Group records its proportionate share directly into capital surplus, provided that the Group's proportion of shareholding in the investee remains unchanged. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by an investee. The unrealised profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognised. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealised loss is not eliminated.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Long-term equity investments (Continued)

(3) Basis for determining the existence of joint control or significant influence over an investee

Control is the power over the investee to enjoy variable returns by participating in related activities of the investee and the ability to affect the return amount by executing the power over the investee.

Joint control is the sharing of control over an arrangement according to related agreement, and exists only when the decisions relating to the activity of the arrangement require the unanimous consent of the parties sharing control.

Significant influence is the power to participate in the determination of financial and operating policies of the investee, but is not control or joint control over those policies.

(4) Method of impairment testing and measuring

The carrying amount of long-term equity investments in subsidiaries, joint ventures and associates is reduced to the recoverable amount if the recoverable amount is below the carrying amount.

13. INVESTMENT PROPERTIES

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that are being constructed or developed for future use for leasing, are measured initially at cost. Subsequent expenditures incurred in relation to an investment properties are included in the cost of the investment properties when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognised in profit or loss for the period in which they are incurred.

The Group adopts fair value model to subsequently measure investment properties and don't provide depreciation or amortisation. The carrying amount of investment properties is adjusted based on their fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognised in profit or loss for the current period.

When an investment properties is transferred to owner-occupied property, it is reclassified to fixed asset or intangible asset with the carrying amount determined at the fair value of the investment properties at the date of the transfer, and the difference between the fair value and the original carrying amount of the investment properties is recognised in profit or loss for the current period. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties with the carrying amount determined at the fair value at the date of the transfer. If the fair value at

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed assets

(1) Recognition

Fixed assets represent the tangible assets held by the Group for use in the production of goods or supply of services, for rental to others or for operation and administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets is measured in accordance with the policy set out in Note II.15.

Where parts of an item of fixed asset have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the to recognise fixed assets criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated dual

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

14. Fixed assets (Continued)

(3) For the method of impairment testing and measuring, refer to Note II.20.

(4) Basis for identification of fixed assets held under finance leases and related measurement

For criteria of recognition and method of measuring for fixed assets under a finance lease, refer to Note II 27(3).

(5) Disposal

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

15. Construction in progress

Construction in progress is measured at actual cost. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less impairment losses (see Note II.20).

16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the asset.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

During the capitalisation period, the amount of interest (including amortisation of any discount or premium on borrowing) to be capitalised in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

- Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

17.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

18. Goodwill

Goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.20). On disposal of an asset group or combination of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

19. Long-term prepaid expenses

Long-term prepaid expenses are amortised on a straight-line method within the beneficial period.

The amortisation periods for expensed are as follows:

Item	Amortisation period (years)
Rental	2-10
Others	3-5

20. Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or combination of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or combination of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or combination of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or combination of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Provisions and contingent liabilities

Provisions for product warranties, onerous contracts etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

Provisions which is expected to be paid within one year from the balance sheet date are disclosed as current liabilities.

In terms of a possible obligation resulting from a past transaction or event, whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events or a present obligation resulting from a past transaction or event, where it is not probable that the settlement of the above obligation will cause an outflow of economic benefits, or the amount of the outflow cannot be estimated reliably, the possible or present obligation is disclosed as a contingent liability.

22. Share-based payments

(1) Classification

Share-based payment transactions in the Group are classified as equity-settled share-based payments and cash-settled share-based payments.

(2) Method to determine the fair value of equity instruments

Fair value of stock option is estimated based on binomial lattice model. Contract term of the stock option is used as the input variable of this model. And the binomial lattice model includes estimation of early execution of the option. The following factors are taken into account when using the binomial lattice model: (1) exercise price of the option; (2) vesting period; (3) current price of basic stocks; (4) expected fluctuation of stocks; (5) expected dividends of stocks; (6) risk-free rate within the option term.

(3) Basis of the best estimate of the number of equity instruments expected to vest

At each balance sheet date during the vesting period, the Group makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

22. Share-based payments (Continued)

(4) Accounting treatment for share-based payment

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Where the Group uses shares or other equity instruments as consideration for services received from the employees, the payment is measured at the fair value of the equity instruments granted to the employees at the grant date. If the equity instruments granted to employees vest immediately, the fair value of the equity instruments granted is, on grant date, recognised as relevant cost or expenses with a corresponding increase in capital reserve. If the equity instruments granted to employees do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. Based on the best estimation, the Group recognises the services received for the current period as related costs or expenses, with a corresponding increase in capital reserve, at an amount equal to the fair value of the equity instruments at the grant date.

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Where the Group receives services from employees by incurring a liability to deliver cash or other assets for amounts that are determined based on the price of shares or other equity instruments, the service received from employees is measured at the fair value of the liability incurred. If the rights under a cash-settled share-based payment do not vest until the completion of services for a vesting period, or until the achievement of a specified performance condition, the Group, at each balance sheet date during the vesting period, recognises the services received for the current period as related costs or expenses, with a corresponding increase in liability, at an amount equal to the fair value of the liability based on the best estimate of the outcome of vesting.

23. Revenue recognition

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders. Revenue is recognised in profit or loss when it is probable that the economic benefits will flow to the Group, the revenue and costs can be measured reliably and the following respective conditions are met.

(1) Sale of goods

Revenue from sale of goods is recognised when all of the general conditions stated above and following conditions are satisfied:

(a) The significant risks and rewards of ownership of goods have been transferred to the buyer;

(b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Revenue from the sale of goods is measured at the fair value of the considerations received or receivable under the sales contract or agreement.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue recognition (Continued)

(1) Sale of goods (Continued)

The Group recognises revenue after receive acceptance certificates from customers.

Sales of road transportation vehicles are divided into sales to domestic customers and sales to overseas customers. As to sales to domestic customers, the Group recognises revenue after customers pick up and accept the vehicles. As to sales to overseas customers, the Group recognises revenue after vehicles are loaded to specified ship in specific port assigned by the customer pursuant to contracts.

The Group recognises revenue when the purchase and sell agreement is performed. When the property is sold in advance before completion, the revenue is recognised only when the construction is completed and delivered to the buyer. The deposits and installment received before revenue recognition are regarded as advance from customers.

(2) Revenue from construction contracts

Where the outcome of a construction contract can be estimated reliably, contract revenue and contract expenses associated with the construction contract are recognised at the balance sheet date using the percentage of completion method.

The stage of completion of a contract is determined based on completion of a physical proportion of the contract work.

When the outcome of a construction contract cannot be estimated reliably:

(a) If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;

(b) If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

Construction contract revenue includes initial revenue stipulated by contract and increased amount generated by contract alteration.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Revenue recognition (Continued)

(2) Revenue from construction contracts (Continued)

Increased amount cannot be recognised as contract revenue unless the following contract alteration terms are all satisfied:

(c) Client accepts and confirms the increased amount generated by contract alteration;

(d) Increased amount can be reliably measured.

Contract anticipated loss is recognised when estimated total construction contract cost exceeds contract revenue. Provision should be made for contract anticipated loss and charged into profit and losses for the current period.

(3) Rendering of services

Revenue from rendering of services is measured at the fair value of the considerations received or receivable under the contract or agreement.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

24. Employee benefits

Employee benefits represent all kinds of allowances and compensations paid by the Group for services rendered by employees or for termination of employment relationship, which mainly include short-term wages, pension benefits and termination of employment benefits.

(1) short-term wages

Short-term wages include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, work injury insurance, maternity insurance, housing funds, labour union funds, employee education funds and short term paid absence and etc. Actual short-term wages are recognised as liabilities in the periods when the employees render services and are charged into profit or loss or capitalised in costs of related assets. The non-monetary welfare is measured at fair value.

(2) pension benefits

During the reporting period, the Group's pension benefits are basic pension insurance and unemployment insurance which are all defined contribution plans.

The Group's employees participated in the basic social pension insurance organised and implemented by local labour and social security bureau. The Group paid the basic pension issuance expenses monthly to designated insurance companies for its employees according to the basis amounts and rates determined by the local regulations. After retirement, local labour and social security bureau is responsible for paying the pension benefit to the retired employees. The amounts of pension insurance payable calculated according to the above regulations are recognised as liabilities during the periods when the employees render services and are charged to profit or loss or capitalised in costs of related assets.

(3) Enterprise annuities plan

The Group provides compensation for the termination of employment relationship before the expiry of employment contracts or compensation to encourage employees' voluntary layoffs, which is recognised as a liability and charged to profit or loss on the earlier one when the Group is unable to unilaterally withdraw the plan on the termination of employment relationship or the layoff proposal and costs and expenses in relation to the payment of compensation to the termination of employment relationship are recognised.

The Enterprise annuities plan with payment within one yearD[(c42eTntuaeet di and ar)18ltedifignised(sees r)1tn to

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

25. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at nil consideration, including refund of taxes and financial subsidies, etc..

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. If a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable; the grant is measured at nominal amount.

Government grants related to assets represent grants obtained from government which are to compensate long-term assets purchased or other ways. Government grants related to income represent those government grants other than related to assets.

A government grant related to an asset is recognized by deducting the grant in arriving at the carrying amount of the asset or as deferred income, and amortised to profit or loss on a reasonable, systematic basis over the

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Deferred tax assets and deferred tax liabilities (Continued)

The carrying amount of a deferred tax asset is reviewed at each balance sheet date. The carrying amount of a deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the benefit of the deferred tax asset to be utilised. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

– the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

– they relate to income taxes levied by the same tax authority on either the same taxable entity; or different taxable entities which either intend to settle the current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

27. Operating and finance leases

A lease is classified as either a finance lease or an operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset to the lessee, irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

(1) Assets acquired under operating leases

Rental payments under operating leases are recognised as costs or expenses on a straight-line basis over the lease term.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Operating and finance leases (Continued)

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties (see Note II.13) are depreciated in accordance with the Group's depreciation policies described in Note II.14(2). Impairment losses are provided for in accordance with the accounting policy described in Note II.20. Other leased out assets under operating leases are amortised using the straight-line method. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II.14(2) and II.20, respectively.

If there is a reasonable certainty that the Group will obtain ownership of a leased asset at the end of the lease term, the leased asset is depreciated over its estimated useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its estimated useful life.

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with principles of borrowing costs (see Note II.16).

At the balance sheet date, long-term payables arising from finance leases, net of the unrecognised finance charges, are presented as long-term payables or non-current liabilities due within one year, respectively, in the balance sheet.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

27. Operating and finance leases (Continued)

(4) Assets leased out under finance leases

At the commencement of the lease term, the Group recognises the aggregate of the minimum lease receipts determined at the inception of a lease and the initial direct costs as finance lease receivable. The difference between the aggregate of the minimum lease receipts, the initial direct costs, and the aggregate of their present value is recognised as unearned finance income.

Unearned finance income is allocated to each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivables, net of unearned finance income, are presented as long-term receivables or non-current assets due within one year, respectively in the balance sheet. Please refer to Notes II.9 for accounting policy on the derecognition and impairment of finance lease receivables.

28. Assets held for sale and discontinued operation

A non-current asset or disposal group is classified as held for sale when meet the following criteria: i. The asset (or disposal group) must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups); ii. A non-cancellable transfer agreement has been signed with the transferee, the disposal plan has been approved properly and this transfer is expected to be completed within one year;

Non-current assets held for sale (excluding financial assets, investment properties measured at fair value and deferred tax assets) are stated at the lower of carrying amount and net realisable value. Any excess of the carrying amount over the net realisable value is recognised as impairment loss.

Assets and liabilities of a non-current asset or disposal group which is classified as held for sale are classified as current assets and current liabilities, which are separately presented in the balance sheet.

A discontinued operation is a component which has been disposed or classified as held for sale of the group's business and the operations and financial reporting of the discontinued operation can be clearly distinguished from the rest of the group and can meet one of the following criteria: (a) This component of the business represents a separate major line of business or geographic area of operations; (b) This component of the business is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; (c) This component of the business is a subsidiary acquired exclusively with a view to resale.

The Group shall disclose profit or loss for the year from discontinued operations disclosed in the statement of comprehensive income comprising the total of: the post-tax profit or loss of discontinued operations and The post-tax gain or loss from remeasurement of the discontinued operation to fair value less costs to sell.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Hedge accounting

Hedge accounting is a method which recognises the offsetting effects of fair value and cash flow of the hedging instruments and the hedged items on current profit or loss in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged item include a forecast transaction that is settled with a fixed amount of foreign currency and expose the Group to foreign currency risk.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item. For a hedge of foreign currency risk, a non-derivative financial asset or non-derivative financial liability may also be used as a hedging instrument.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it has been highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

– at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;

– the actual results of offsetting are within a range of 80% to 125%.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in shareholders' equity as a separate component. That effective portion is adjusted to the lower of the following in absolute amounts:

– the cumulative gain or loss on the hedging instrument from inception of the hedge;

– The cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Hedge accounting (Continued)

Cash flow hedges (Continued)

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognised in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognised directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies into profit or loss the amount that is not expected to be recovered.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognised in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall not be reclassified into profit or loss and is recognised in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognised directly in shareholders' equity from the period when the hedge was effective shall be reclassified into profit or loss immediately.

30. Dividend distribution

Cash dividend is recognised as a liability for the period in which the dividend is approved by the shareholders' meeting.

Dividends or distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date but disclosed in the notes separately.

31. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties of the Group. Related parties of the Group and the Company include, but are not limited to:

(a) the Company's parent;

(b) the Company's subsidiaries;

(c) enterprises that are controlled by the Company's parent;

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Related parties (Continued)

(d) investors that have joint control or exercise significant influence over the Group;

(e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and the Group;

(f) joint ventures of the Group, including subsidiaries of joint ventures;

(g) associates of the Group, including subsidiaries of associates;

(h) principal individual investors and close family members of such individuals;

(i) key management personnel of the Group and close family members of such individuals;

(j) key management personnel of the Company's parent and close family members of such individuals;

(k) close family members of key management personnel of the Company's parent; and

(l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

Besides the related parties stated above determined in accordance with the requirements of CAS, the following enterprises and individuals are considered as (but not restricted to) related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC:

(m) enterprises or persons that act in concert that hold 5% or more of the Company's shares;

(n) individuals and close family members of such individuals who directly or indirectly hold 5% or more of the Company's shares, supervisors for listed companies and their close family members;

(o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;

(p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and

(q)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant changes in accounting policy

(1) On 10 May 2017, the Ministry of Finance issued the Notice on Issuing the Revised "Accounting Standards for Business Enterprises No. 16 – Government Grants" (Cai Kuai [2017] No. 15) to revise the Accounting Standards for Business Enterprises No. 16 – Government Grants, which came into force on 12 June 2017. For the period from 1 January to 30 June 2017, the company adopted the aforesaid accounting standards for the Interim financial statement.The impacts of the change in accounting policy on financial statements of the group are listed as below:

Contents and reasons for the change	Impacted items on financial statement	Impacted amount for the period from 1 January to 30 June 2017
The government grants relating to the ordinary activities of enterprises shall be included in "other income" based on the nature of economic business; the government grants not relating to the ordinary activities of enterprises shall be included in "non-operating income and expense". For government grants existed as at 1 January 2017, the prospective application method shall be applied, and for new government grants incurred from 1 January 2017 to the date on which the standards came into force, adjustments shall be made according to the standards. The comparative financial statements for the period from January to June 2016 were not restated.	Other income	91,032
	Non-operating income	(91,032)

(2) On 28 April 2017, the Ministry of Finance issued the requirements of the Notice on Issuing the"Accounting Standards for Business Enterprises No. 42 – Non-current Assets Held for Sale,Disposal Groups and Discontinued Operation" (Cai Kuai [2017] No. 13), which required that the adoption of Accounting Standards for Business Enterprises No. 42 – Non-current Assets Held for Sale, Disposal Groups and Discontinued Operation shall take effect on 28 May 2017. For the period from 1 January to 30 June 2017, There was no significant impact of the change in accounting policy on financial statements of the group.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Critical accounting estimates and judgements (Continued)

(3) Impairment of long-term assets

As described in Note II.20, long-term assets are reviewed at each balance sheet date to determine whether the recoverable amount of the assets is lower than carrying amount. If any indication shows that the carrying amount of the assets may not be fully recovered, the assets is deemed to have been impaired and an impairment loss is recognised.

The recoverable amount of an asset (asset group) is the greater of its fair value less costs to sell and its present value of expected future cash flows. Since a market price of the asset (the asset group) cannot be obtained reliably, the fair value of the asset cannot be estimated reliably. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

If the management revised the gross profit margin used in the future cash flow calculation of the asset (asset group) and the revised gross profit margin is lower than the gross profit margin currently used, the Group is required to make provision for impairment of long-term assets.

If the management revised the discount rate before tax applied to the cash flow discount and the revised discount rate before tax is higher than the discount rate currently used, the Group is required to make provision for impairment of long-term assets.

If the actual gross margin or discount rate before tax is higher or lower than the management's estimate, the Group can not reverse previously recognised provision for impairment of long-term asset.

(4) Depreciation and amortisation of assets such as fixed assets and intangible assets

As described in Note II.14 and 17, fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experiences of similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

II.

III. TAXATION

1. Main taxes categories and rates

Types of tax	Tax basis	Tax rate
Value added tax (VAT)(a)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductable input VAT of the period, is VAT payable	

III. TAXATION (CONTINUED)

2. Preferential tax treatments

The Group's subsidiaries that are entitled to preferential tax treatments are as follows:

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
1	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2015 entitled to 15% preferential rate
2	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2016 entitled to 15% preferential rate
3	Yangzhou Runyang Logistic Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
4	Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2015 entitled to 15% preferential rate
5	Hunan CIMC Bamboo Industry Development Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2016 entitled to 15% preferential rate
6	Dalian CIMC Logistics Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2014 entitled to 15% preferential rate
7	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2014 entitled to 15% preferential rate
8	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2014 entitled to 15% preferential rate
9	Zhumadian CIMC Huajun Casting Co. Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2015 entitled to 15% preferential rate
10	Wuhu CIMC RuiJiang Automobile CO Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
11	Luoyang CIMC Lingyu Automobile CO., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2016 entitled to 15% preferential rate
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2014 entitled to 15% preferential rate
13	Enric (Bengbu) Compressor Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2014 entitled to 15% preferential rate

III. TAXATION (CONTINUED)

2. Preferential tax treatments (Continued)

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
14	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2014 entitled to 15% preferential rate
15	Enric (Lang fang) Energy Equipment Integration Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2015 entitled to 15% preferential rate
16	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2015 entitled to 15% preferential rate
17	Nantong CIMC Tank Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2015 entitled to 15% preferential rate
18	Liaoning CIMC Hashenleng Gas Liquefaction Plant Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2015 entitled to 15% preferential rate
19	Nantong CIMC Energy Equipment Co, Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2014 entitled to 15% preferential rate
20	Ziemann Holvrieka Asia Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2016 entitled to 15% preferential rate
21	Shenzhen CIMC – Tianda Airport Support Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2014 entitled to 15% preferential rate
22	Xinfa Airport Equipment Ltd.	25%	15%	Recognised as high-tech enterprises, in 2015 entitled to 15% preferential rate
23	Shenzhen CIMC Tianda Logistics Systems Engineering Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2016 entitled to 15% preferential rate
24	Shenzhen CIMC Intelligent Technology Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2014 entitled to 15% preferential rate

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Please refer to VI.1 and IV.13 for the definition of Subsidiaries, associates and joint ventures.

1. Cash at bank and on hand

	30 June 2017	31 December 2016
Cash on hand	**155,947**	157,493
Bank deposits	**5,171,582**	5,711,162
Other cash balances	**409,573**	457,343
Total	**5,737,102**	6,325,998
Including: cash abroad	**2,516,745**	1,938,284

As at 30 June 2017, restricted cash at bank and on hand of the Group amounted to RMB816,845,000 (31 December 2016: RMB987,257,000), refer to Note IV.24 for details.

As at 30 June 2017, restricted cash at bank and on hand of the Group mentioned above included deposits of Finance Company in the People's Bank of China, amounting to RMB404,982,000 (31 December 2016: RMB504,795,000). Finance Company is a finance institution authorised by the People's Bank of China.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets at fair value through profit or loss

(1) Classification

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets at fair value through profit or loss (Continued)

(3) The equity instruments held for trading are securities listed on the Stock Exchange of Hong Kong Limited and Singapore Exchange Limited, the fair value of securities is determined at the closing price of the Stock Exchange of Hong Kong Limited, Shanghai Stock Exchange and Singapore Exchange Limited on the last trading day of the period.

(4) Forward foreign exchange contracts

As at 30 June 2017, the Group had certain unsettled forward contracts, mainly denominated in US dollars, Japanese yen, Great Britain pound and Euro. The nominal value of these contracts amounted to US dollar (USD) the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market

(5) Currency swap contracts

As at 30 June 2017, the Group had 5 unsettled currency swap contracts denominated in US dollars and Yuan (RMB). The initially nominal value of these contracts amounted to USD15,000,000 and RMB52,847,000. These

(6) Interest swap contracts

As at 30 June 2017, the Group had 19 unsettled interest swap contracts denominated in US dollars, with a

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable

(1) Classification of Notes receivable

	30 June 2017	31 December 2016
Bank acceptance notes		

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable

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

	30 June 2017	31 December 2016
Containers	**6,265,003**	2,540,433
Transportation vehicles	**3,278,726**	2,396,644
Energy, chemical and liquid food equipment	**3,304,160**	3,220,025
Offshore engineering	**587,228**	244,655
Airport facilities	**966,932**	1,255,195
Logistics services	**1,160,930**	1,159,172
Heavy truck	**802,413**	769,250
Others	**652,359**	569,937
Sub-total	**17,017,751**	12,155,311
Less: provision for doubtful debts	**(646,733)**	(629,236)
Total	**16,371,018**	11,526,075

(2) The aging analysis of account receivables is as follows:

	30 June 2017	31 December 2016
Within 1 year (inclusive)	**15,142,027**	10,329,997
1 to 2 years(inclusive)	**1,029,918**	989,469
2 to 3 years(inclusive)	**532,145**	548,922
Over 3 years	**313,661**	286,923
Sub-total	**17,017,751**	12,155,311
Less:provision for doubtful debts	**(646,733)**	(629,236)
Total	**16,371,018**	11,526,075

As at 30 June 2017 and 31 December 2016, the Group has no material overdue accounts receivable without impairment.

The aging is calculated from the date that the accounts receivable is recognised.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(3) Accounts receivable analysed by categories is as follows:

	30 June 2017				31 December 2016			
	Book balance		Provision for doubtful debts		Book balance		Provision for doubtful debts	
	Amount	% of total balance	Amount	Ratio(%)	Amount	% of total balance	Amount	Ratio(%)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(4) As at 30 June 2017, accounts receivable with amounts that are individually significant and that the related provision for doubtful debts is set aside on the individual basis:

	Book balance	Provision for doubtful debts	Ratio(%)	Reason
Containers	1,386,730	51,251	3.70%	
Transportation vehicles	737,225	51,706	7.01%	
Energy and chemical & Food equipment	385,942	22,020	5.71%	Provision is set asided based on the estimated recoverable assessment of credit risk and historical data
Heavy truck	432,394	18,017	4.17%	
Offshore engineering	569,783	125	0.02%	
Airport facilities	282,847	4,661	1.65%	
Logistics services	121,724	2,731	2.24%	
Others	120,209	579	0.48%	
Total	4,036,854	151,090	3.74%	

(5) As at 30 June 2017, accounts receivable with amounts that are not individually significant but that the related provision for doubtful debts is set aside on the individual basis:

	Book balance	Provision for doubtful debts	Ratio(%)	Reason
Containers	68,505	5,294	7.73%	
Transportation vehicles	285,271	49,105	17.21%	Provision is set asided based on the estimated recoverable assessment of credit risk and historical data
Offshore engineering	17,445	2,250	12.90%	
Logistics services	28,999	1,087	3.75%	
Airport facilities	6,928	590	8.52%	
Others	80,423	4,912	6.11%	
Total	487,571	63,238	12.97%	

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(6) The aging analysis of provision for doubtful debts collectively assessed:

	30 June 2017			31 December 2016		
	Book balance	**Provision for doubtful debts**		Book balance	Provision for doubtful debts	
	Amount	**Amount**	**Ratio (%)**	Amount	Amount	Ratio (%)
Within 1 year	**11,361,722**	**103,698**	**0.91%**	7,386,617	77,585	1.05%
1 to 2 years	**575,783**	**28,053**	**4.87%**	604,679	59,829	9.89%
2 to 3 years	**330,333**	**189,392**	**57.33%**	368,380	151,792	41.21%
Over 3 years	**225,488**	**111,262**	**49.34%**	208,653	134,284	

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(10) Accounts receivable from related parties:

As at 30 June 2017, the Group's accounts receivable due from related parties amounted to RMB218,804,000 (31 December 2016: 254,396,000), accounting for 1.29% of the total accounts receivable (31 December 2016: 2.09%).

		30 June 2017			31 December 2016		
Company name	Relationship with the Group	Amount	Ratio (%)	Provision for doubtful debts	Amount	Ratio (%)	Provision for doubtful debts
Ningxia Changming Natural Gas Development Co., Ltd	Associate	75,420	0.44%	-	78,389	0.64%	–
Shanxi Heavy Duty Automobile C&C Trucks Co., Ltd	Minority shareholders of subsidiaries	60,476	0.36%	-	27,987	0.23%	–
Florens Maritime Limited ("FML")	Subsidiary of significant shareholder	38,523	0.23%	-	7,311	0.06%	–
Florens Container Services ltd.	Subsidiary of significant shareholder	12,419	0.07%	-	–	0.00%	–
Gasfin Investment S.A. ("Gasfin")	Minority shareholders of subsidiaries	8,142	0.05%	-	8,183	0.07%	–
SUMITOMO CORPORATION	Minority shareholders of subsidiaries	7,631	0.04%	-	56,538	0.46%	–
NYK Zhenhua	Joint Ventures	4,473	0.03%	-	5,795	0.05%	–
China Merchants Shekou Holdings Co., Ltd	Subsidiary of significant shareholder	4,180	0.02%	-	–	0.00%	–
Dongfan international Container(LianYunGang) Co.Ltd ("DongFan International")	Subsidiary of significant shareholder	1,879	0.01%	-	27,650	0.23%	–
Gasfin Development GmbH	Minority shareholders of subsidiaries	1,709	0.01%	-	1,610	0.01%	–
Xuzhou Wood	Associate	1,154	0.01%	-	1,154	0.01%	–
Other related parties		2,798	0.02%		39,779	0.33%	–
Total		218,804	1.29%	-	254,396	2.09%	–

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(11) Accounts receivable derecognised due to transfer of financial assets

As at 30 June 2017, the Group has no accounts receivable derecognised due to transfer of financial asset (31 December 2016: Nil).

(12) Amount of assets and liabilities recognised due to the continuing involvement of securities accounts receivable

There has been no securities accounts receivable as at 30 June 2017 and 31 December 2016.

(13) As at 30 June 2017, the Group has no restricted accounts receivable (31 December 2016: Nil).

5. Other receivables

(1) Other receivables analysed by categories are as follows:

		30 June 2017	31 December 2016
Receivables arising from financing related parities		**550,077**	873,585
Receivable from share capital increase / share capital transfer		**4,265,196**	4,020,057
Advance payment and financial grants	(i)	**1,658,985**	1,658,985
Loans	(ii)	**473,022**	1,011,616
Asset purchase under reverse repurchase agreements	(iii)	**1,020,166**	999,926
Receivables from demolition compensation		**28,613**	572,258
Security deposits		**823,600**	663,995
Tax refund receivables		**234,831**	167,099
Others		**900,111**	960,805
Sub-total		**9,954,601**	10,928,326
Less: provision for doubtful debts		**(1,710,625)**	(1,580,439)
Total		**8,243,976**	9,347,887

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(1) Other receivables analysed by categories are as follows: (Continued)

(i) An indirect wholly-owned subsidiary of Enric and an subsidiary of the Group, CIMC Enric Investment Holdings (Shenzhen) Ltd. ("EIHL"), entered into an agreement ("Agreement") on 27 August 2015 with SOEG PTE LTD ("SOEG"), Jiangsu Pacific Shipbuilding Group Co., Ltd. ("Jiangsu Pacific") and Evergreen Group Co., Ltd ("Evergreen") (collectively, the "Vendors"), pursuant to which the Vendors agreed to sell and EIHL agreed to purchase 100% equity interest in SinoPacific Offshore & Engineering Co., Ltd ("SOE"). Afterwards, the Company, SOE and Evergreen entered into a financial assistance framework agreement ("Financial Assistance Agreement") which governed the financial assistance provided by the Group to SOE in the form of loans and guarantees. As at 1 June 2016, Enric announced that the Board considered certain conditions precedent in the Agreement could not be fulfilled and the Vendors had breached certain material terms of the Agreement. EIHL delivered termination notices to the Vendors for termination of the Agreement and requested for the return of the prepaid consideration of 178,634,000. On the same date, the Company delivered termination notices to SOE and Evergreen for termination of the Financial Assistance Agreement and requested SOE to repay the loans of 482,052,000 and release the guarantees for bank loans of 1,000,000,000 provided by a subsidiary of Enric to, or in favour of, SOE.

During the second half year of 2016, the deposits of 1,000,000,000 pledged for SOE's bank loans have been withdrawn by the bank as SOE failed to repay its bank loans upon maturity. As at 31 December 2017, the total receivables due from SOE amounted to 1,480,351,000. Based on the information available, Enric has made substantial provisions of approximately 178,634,000 and 1,184,281,000 respectively for prepaid amount from the Vendors and the receivable from SOE with a total value of 1,362,915,000 during the year ended 31 December 2016.

SOE was under receivership by the SOE Insolvency and Liquidation Team (the "Receiver") which was appointed by the PRC Court. On 5 July 2017, EIHL, SOE and the Receiver entered into restructuring investment agreement pursuant to which EIHL as the restructuring investor,offered to purchase the major assets of SOE through acquiring SOE's issued shares, representing the entire equity interest in SOE for a consideration of RMB799,800,000. Subsequently, the restructuring plan was approved by SOE's creditors at the creditors' meeting as well as by the PRC Court on 4 August 2017.

For the period ended 30 June 2017, based on the information currently available and the update estimate of the recoverability ratio, Enric further made an impairment provision of approximately RMB105,549,000 to write down the receivables due from SOE. As at 30 June 2017, Enric has made provisions of approximately 178,634,000 and 1,289,830,000 respectively for prepaid amount from the Vendors and the receivable from SOE with a total value of 1,468,464,000.

(ii) The borrowings mainly contained interbank borrowings of the Finance Company with an amount of 135,488,000 which expired from July 3 to July 5 2017; and repayment of car loan and petty cash fund for staff.

(iii) Assets purchased under reverse repurchase agreements mainly contained the interbank pledge-style repo transactions of Finance company, one of the subsidiary of the Group.

(2) Aging analysis of other receivables is as follows:

	30 June 2017	31 December 2016
Within 1 year (Inclusive)	**9,174,370**	9,667,565
1 to 2 years (Inclusive)	**558,934**	999,143
2 to 3 years (Inclusive)	**31,344**	95,819
Over 3 years	**189,953**	165,799
Sub-total	**9,954,601**	10,928,326
Less: provision for doubtful debts	**(1,710,625)**	(1,580,439)
Total	**8,243,976**	9,347,887

The aging is calculated from the date that other receivables are recognised.

As at 30 June 2017 and 31 December 2016, the Group has no other material receivables overdued without impairment (31 December 2016: Nil).

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(3) Other receivables analysed by categories are as follows:

		30 June 2017				31 December 2016			
		Book balance		Provision for doubtful debts		Book balance		Provision for doubtful debts	
	Note	Amount	% of total balance	Amount	Ratio (%)	Amount	% of total balance	Amount	Ratio (%)
Other receivables with amounts that are individually significant	(4)	**8,234,184**	**82.72%**	**1,604,552**	**19.49%**	9,379,989	85.83%	1,503,143	16.02%
Other receivables with amounts that are not individually significant		**1,720,417**	**17.28%**	**106,073**		**106,073**			

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(6) Other receivables that are written off in current period

Other receivables written off in current period amounted to RMB6,579,000 (For the period ended June 30 2016: Nil).

(7) As at 30 June 2017, the five largest balances of other receivables are analysed as follows, accumulated by arrearage parties:

	Notes	Nature	Book balance	Aging	% of total balance	Provision for doubtful debts
Tianjin Lanshui Offshare Engineering Limited Partnership ("Tianjin Lanshui")	(i)	Receivables arising from equity transfer	3,575,000	within 1 year	35.91%	–
Sinopacific Offshore & Engineering Co., Ltd ("SOE")		Advance payment of equity transfer	1,658,985	within 1 year/ 1 to 2 years	16.67%	1,468,464
Zhenjiang CIMC Embellish Yu Real Estate Co., Ltd("Embellish Yu Real Estate")	(ii)	Receivables from Associates	503,568	over 3 years	5.06%	–
Changjiang Securities Company Limited		Bond pledge reverse repurchase	299,950	within 1 year	3.01%	–
Jiuzhou Securities Company Limited		Bond pledge reverse repurchase	152,100	within 1 year	1.53%	–
Total			6,189,603		62.18%	1,468,464

The total amount of the Group's five largest other receivables as at 31 December 2016 amounted to RMB7,130,634,000, accounting for 65.25% of the total balance.

(i) As at 23 December 2016, Qianhai CIMC leasing (Shenzhen) Co., Ltd. (referred to as "Qianhai Leasing"), one of the Group's subsidiaries, and TianJin YongWang machine equipment leasing Ltd (referred to as "TianJin YongWang"), one of the Group's subsidiaries, and TianJin BlueWater signed capital increase agreement and industrial and commercial registration was changed on 28 December, 2016. As at 30 June 2017, there was still 3.575 billion that has not received. According to the contract, after the date of capital increase, TianJin BlueWater should guarantee there will be an annual expected earning yield of no less than 4.9853% from 2017 to 2019 which will be paid from the year of 2018. After assessment, the dividend policy was confirmed as other non-current liability with total amount of 487,632,000 while the difference of total capital increase and other non-current liability mentioned above was recorded as equity.

(ii) As at 14 October, 2016, 80% shares of Embellish Yu Real Estate, the wholly-owned subsidiary of the Group, was transferred to Nanjing Gaochun Country Garden Real Estate Development Co., Ltd (referred to as "Country Garden") by the Group and the industrial and commercial registration was changed then. The inter-group fund lending from the Group to Embellish Yu Real Estate was turned into related party fund lending from the Group to Country Garden. According to the Equity transfer agreement, in the next 9 months after the industrial and commercial registration day, Country Garden will assist Embellish Yu Real Estate paying this loan to the Group. As at 30 June 2017, the fund not returned yet was amount to RMB503,568,000.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

(8) Other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

As at 30 June 2017 and 31 December 2016, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of other receivables.

(9) As at 30 June 2017, other receivables from related parties are analysed as follows:

		30 June 2017				31 December 2016			
Company name	Relationship with the Group	Amount	Nature	% of total balance	Provision for doubtful debts	Amount	Nature	% of total balance	Provision for doubtful debts
Run Yu Real Estate	Associate	503,568	Funding	5.06%	-	824,391	Funding	7.54%	-
China Merchants property Developments Co.Ltd	Subsidiary of significant								

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Prepaid expenses (Continued)

(2) Aging analysis of prepaid expenses is as follows:

	30 June 2017		31 December 2016	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (Inclusive)	**1,562,745**	**59.50%**	1,201,088	50.19%
1 to 2 years (Inclusive)	**164,197**	**6.25%**	285,595	11.94%
2 to 3 years (Inclusive)	**272,648**	**10.38%**	619,004	25.87%
Over 3 years	**627,072**	**23.87%**	287,262	12.00%
Sub-total	**2,626,662**	**100.00%**	2,392,949	100.00%
Less: provision for doubtful debts	**(233,632)**	**8.89%**	(226,967)	9.48%
Total	**2,393,030**	**91.11%**	2,165,982	90.52%

The aging is calculated from the date that prepaid expenses is recognised.

Other prepaid expenses aged over a year mainly represented prepayment of raw materials and equipment for offshore engineering projects by the Group. Since the production cycle of the offshore engineering project is usually more than one year, the prepayment has not yet been settled.

(3) As at 30 June 2017, the five largest balances of prepaid expenses are analysed as follows, accumulated by arrearage parties:

	Amount	% of total balance
Sum of the five largest advance to suppliers	**968,260**	**36.86%**

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Prepaid expenses (Continued)

(4) The condition of the companies whose shareholders hold 5% (including 5%) or more of the voting shares of the Company in the prepayments at the end of the year

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

(1) Inventories are summarised by categories as follows:

	30 June 2017			31 December 2016		
	Book balance	**Provision for decline in the value of inventories**	**Net book Value**	Book balance	Provision for decline in the value of inventories	Net book Value
Raw materials	**3,705,526**	**(168,780)**	**3,536,746**	3,252,604	(163,944)	3,088,660
Work in progress	**2,569,392**	**(27,821)**	**2,541,571**	2,223,924	(27,978)	2,195,946
Finished goods	**4,109,445**	**(112,544)**	**3,996,901**	3,713,285	(125,107)	3,588,178
Consignment stocks	**212,003**	**(242)**	**211,761**	113,302	(242)	113,060
Spare parts	**184,079**	**(4,655)**	**179,424**	213,712	(1,538)	212,174
Low-valued consumables	**40,055**	**(76)**	**39,979**	35,951	(72)	35,879
Materials in transit	**30,731**	**–**	**30,731**	76,387	–	76,387

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(2) Analysis of book balance movement of inventories for the period is as follows:

	31 December 2016	Increase in current period	Decrease in current period	**30 June 2017**
Raw materials	3,252,604	22,385,554	(21,932,632)	**3,705,526**
Work in progress	2,223,924	17,436,459	(17,090,991)	**2,569,392**
Finished goods	3,713,285	28,817,225	(28,421,065)	**4,109,445**
Consignment stocks	113,302	1,299,933	(1,201,232)	**212,003**
Spare parts	213,712	301,210	(330,843)	**184,079**
Low-valued consumables	35,951	136,378	(132,274)	**40,055**
Materials in transit	22,887	50,168	(42,324)	**30,731**
Completed properties held for sale	852,395	406,123	(456,808)	**801,710**
Properties under development	1,400,761	240,987	(216,151)	**1,425,597**
Offshore engineering equipment	4,658,377	86,687	(26,097)	**4,718,967**
Amount due from customer for contract work	1,241,321	4,110,882	(4,498,598)	**853,605**
Total	17,728,519	75,271,606	(74,349,015)	**18,651,110**

(3) Provision for decline in the value of inventories are as follows:

Category	31 December 2016	Increase in current period Increase	Decrease in current period Reversal	Decrease in current period Write-off	Exchange Differences arising from translating foreign operations	**30 June 2017**
Raw materials	163,944	40,938	(39,065)	(993)	3,956	**168,780**
Work in progress	27,978	431	(1,575)	(435)	1,422	**27,821**
Finished goods	125,107	38,387	(41,076)	(10,509)	635	**112,544**
Consignment stocks	242	–	–	–	–	**242**
Spare parts	1,538	–	(1,565)	(4,458)	9,140	**4,655**
Low-valued consumables	72	4	–	–	–	**76**
Offshore engineering equipment	123	–	–	–	(2)	**121**
Amount due from customer for contract work	–	–	–	–	–	**-**
Total	319,004	79,760	(83,281)	(16,395)	15,151	**314,239**

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

(3) Provision for decline in the value of inventories are as follows: (Continued)

(a) The provision for decline in value of the Group's inventories during the period was recognised mainly for the price drop of certain products and the slow-moving or waste materials.

Written off/reversal .

Written off/reversms.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Assets classified as available for sale

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Current portion of non-current assets (Continued)

As at 30 June 2017, the balance of the long-term receivables from related parties due within one year of the

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Other current assets

	30 June 2017	31 December 2016
Tax deductible/withheld	**704,034**	656,847
Others	**15,142**	45,631
Total	**719,176**	702,478

11. Available-for-sale financial assets

	30 June 2017	31 December 2016
Measured at fair value		
Available-for-sale equity instruments-Listed	**1,761**	2,441
Financial product	**20,000**	–
Bonds	**31,086**	30,803
Measured at historical cost		
Available-for-sale equity instruments(1) – Unlisted	**411,970**	412,240
Others	**10**	307
Less: provision for impairment	**(3,065)**	(3,065)
	461,762	442,726

(1) Because the equity investments of these companies have no quoted price in active market and their fair value cannot be reliably measured, such investments are stated at cost less any impairment losses.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Available-for-sale financial assets (Continued)

(2) Detailed information of the available-for-sale financial assets:

Available-for-sale equity instruments measured at fair value:

	30 June 2017	31 December 2016
Available-for-sale equity instruments		
– Fair value	**1,761**	2,441
– Historical cost	**4,582**	4,582

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Available-for-sale financial assets (Continued)

(2) Detailed information of the available-for-sale financial assets: (Continued)

Available-for-sale equity instruments measured at historical cost:

	31 December 2016	Increase in current period	Decrease in current period	**30 June 2017**	Shareholding ratio of investee	Cash dividend in current period
Available-for-sale equity instruments						
– historical cost						
– China United International Rail Containers Co., Ltd("CR Intermodal")	380,780	–	–	**380,780**	10.00%	4,000
– Bank of Communications Schroder Fund Management Co., Ltd("BOCM Schroder")	8,125	–	–	**8,125**	5.00%	–
– Beihai Yinjian Co., Ltd("Beihai Yinjian")	1,700	–	–	**1,700**	1.01%	–
– Guangdong Samsung Enterprise Group Co., Ltd("Guangdong Samsung")	1,365	–	–	**1,365**	0.09%	–
– Donghua Container Transportation Service Co., Ltd	270	–	(270)	**–**	0.00%	–
– Zhuhai Yunzhou Technology Co., Ltd ("Zhuhai Yunzhou")	20,000	–	–	**20,000**	2.00%	–
Subtotal	412,240	–	(270)	**411,970**		4,000
– Provision for impairment	(3,065)	–	–	**(3,065)**		–
Total	409,175	–	(270)	**408,905**		–

Available-for-sale equity instruments measured at historical cost mainly consists of equity investment of non-listed companies, which do not have quoted price in active market. The variation of reasonable estimate of fair value is large, and the probabilities used to determine the estimation can not be reasonably confirmed. Thus, the fair value can not be evaluated reliably. The Group so far do not have plan to dispose these investments.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables

	30 June 2017	31 December 2016
Finance Leases receivable	**21,106,913**	21,814,831
Less: Unrealised financing income	**(7,601,148)**	(8,593,181)
Finance leases receivable-net	**13,505,765**	13,221,650
Sales of goods by instalments	**235,898**	325,592
Others	**210,113**	158,052
Sub-total	**13,951,776**	13,705,294
Less: provision for impairment	**(452,449)**	(485,052)
Total	**13,499,327**	13,220,242

At the end of 30 June 2017, there is no long-term receivables due from shareholders holding more than 5%(inclusive) of the voting rights of the company or related parties. (31 December 2016: Nil)

The total future minimum lease receipts under finance leases after the balance sheet date, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), are receivables as follows:

Minimum lease receipts	30 June 2017	31 December 2016
Within 1 year (inclusive)	**5,677,533**	5,467,492
1 and 2 years (inclusive)	**3,746,417**	3,608,636
2 and 3 years (inclusive)	**2,543,013**	2,261,810
Over 3 years	**14,817,483**	15,944,385
Sub-total	**26,784,446**	27,282,323
Less: unrealised finance income	**(8,780,233)**	(9,845,686)
Total	**18,004,213**	17,436,637

As at 30 June 2017, there is no long-term receivable derecognised due to transferring of financial assets in current period (31 December 2016: Nil).

IV.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments

(1) Classification of long-term equity investments:

		30 June 2017	31 December 2016
Joint ventures	(2)	**512,490**	500,501
Associates	(3)	**1,736,940**	1,661,718
		2,249,430	2,162,219
Less: provision for impairment		**(2)**	(2)
Total		**2,249,428**	2,162,217

There is no substantial restriction of the realisation of long-term equity investments.

No substantial restriction exists which prohibits the transfer of funds between the Group and the joint ventures and associates.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

(2) Long-term equity investments in joint ventures:

		Movement in current period							
	31 December 2016	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates	**30 June 2017**	Provision for impairment
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd.	36,294	–	3,345	–	–	–	–	**39,639**	–
Supercool (Shanghai) Refrigeration Equipment Co. Ltd	2,171	–	(295)	–	–	–	–	**1,876**	–
Shanghai Shenyi Special Vehicle Parts Co., Ltd	11,340	–	–	–	–	–	(338)	**11,002**	–
NYK Zhenhua logistics (Tianjin) Co. Ltd.	75,432	–	823	–	–	(4,753)	–	**71,502**	–
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd.	22,330	–	1,417	–	–	–	–	**23,747**	–
Qingdao Jiefeng Baijian Container Maintenance Co., Ltd.	14,531	–	1,476	–	–	–	(433)	**15,574**	–
Dalian Jilong&Baijian Logistics Co., Ltd.	5,678	–	397	–	–	(1,000)	(169)	**4,906**	–
Shanghai Baijian Dewei Container Maintenance Co., Ltd.	23,888	–	2,045	–	–	–	(711)	**25,222**	–
Tianjin Jinshi Baijian Container Maintenance Co., Ltd.	7,933	–	1,087	–	–	–	(236)	**8,784**	–
Y&C Engine Co., Ltd	195,777	–	6,149	–	–	–	–	**201,926**	–
Shenzhen CIMC Mobile International Service Co., Ltd	1,630	–	(1,015)	–	–	–	–	**615**	–
Ningbo Meishan Bonded Port Area Chuangzhi Liancheng Investment Management Partnership (Limited Partnership)	50,100	3,000	–	–	–	–	–	**53,100**	–
Hangzhou Yinghe Investment Management Partnership	20,100	1,200	–	–	–	–	–	**21,300**	–
New Horizon Shipping UG	33,287	–	–	–	–	–	–	**33,287**	–
Hangzhou Xinwei Investment Management Partnership	10	–	–	–	–	–	–	**10**	–
Total	500,501	4,200	15,429	–	–	(5,753)	(1,887)	**512,490**	–

Refer to Note VI.2 for equity in joint ventures.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

(3) Long-term equity investments in associates:

		Movement in current period									
	31 December 2016	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates	Recognized impairment provision	Others	30 June 2017	Provision for impairment
Xinyang Wood Hong Kong Co., Ltd.	7,071	–	–	–	–	–	–	–	–	7,071	–
Ningbo Beilun Donghua Container Service Co., Ltd.	1,200	–	–	–	–	–	–	–	–	1,200	–
Xiamen CIMC Haitou Container Service Co., Ltd	23,350	–	1,505	–	–	–	–	–	–	24,855	–
Dalian Jilong Logistics Co., Ltd.	47,615	–	529	–	–	–	–	–	–	48,144	–
Senju(Jiangmen) Technology Material Co., Ltd.	45,684	–	790	–	–	–	–	–	–	46,474	–
Eurotank Oy ("Eurotank")	8,374	–	389	–	–	–	–	–	–	8,763	–
Shanghai Fengyang Real Estate Development Co., Ltd.	104,191	–	–	–	–	–	–	–	–	104,191	–
TSC	212,905	–	–	–	–	–	(6,338)	–	–	206,567	–
Marine Subsea & Consafe Limited	2	–	–	–	–	–	–	–	–	2	(2)
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	1,900	–	75	–	–	–	–	–	–	1,975	–
LiHua gas storage and transportation Co., Ltd.("LiHua Energy")	102,176	–	2,832	–	–	–	–	–	–	105,008	–
Jiangsu Ruicheng Machinery Co., Ltd	28,123	–	–	–	–	–	–	–	–	28,123	–
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd.	2,608	–	(1,225)	–	–	–	–	–	–	1,383	–
Optton Inc (Shanghai)	16,589	–	(81)	–	–	–	–	–	–	16,508	–
Xuzhou CIMC Wood Co., Ltd	27,519	–	302	–	–	–	–	–	–	27,821	–
Tianjin Sunlon Dongjiang Animal Husbandry Co., Ltd.	30,436	–	(2,316)	–	–	–	–	–	–	28,120	–
Qingdao Port International Trade and Logistics Co., Ltd.	43,400	–	1,246	–	–	–	–	–	–	44,646	–
ZPMC-Red Box Energy Services Limited	14,567	–	(14,567)	–	–	–	–	–	–	-	–
Tianjin Shounong Import & Export Trading Co. Ltd.	21,110	–	–	–	–	–	–	–	–	21,110	–
Jiahua Shipping Co., Ltd. ("Jiahua Shipping")	126,454	–	–	–	–	–	(2,966)	–	–	123,488	–
Xindu Freight Co., Ltd.	688	–	150	–	–	–	–	–	–	838	–

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

(3) Long-term equity investments in associates: (Continued)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

(3) Long-term equity investments in associates: (Continued)

		Movement in current period									
	31 December 2016	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates	Recognized impairment provision	Others	30 June 2017	Provision for impairment
Shouzhong Investment Management Co., Ltd	117,775	–	(2,633)	–	–	–	–	–	–	115,142	–
CIMC Suhang (Changzhou) Logistics Co., Ltd	3,000	(3,000)	–	–	–	–	–	–	–	–	–
Mori (Shanghai) International Trade Co., Ltd.("Mori Shanghai")	851	–	(68)	–	–	–	–	–	–	783	–
Shanghai Xin Bai Qin Vehicle Co., Ltd	–	16,000	428	–	–	–	–	–	–	16,428	–
Shenzhen Sky Capital Co., Ltd (SESKYC)	–	2,750	–	–	–	–	–	–	–	2,750	–
Readysun Investment Innovative venture capital fund Co., LLP	–	30,539	–	–	–	–	–	–	–	30,539	–
Xinghuo Chelian Techology Co., Ltd	–	1,750	–	–	–	–	–	–	–	1,750	–
CELA Srl	–	18,605	–	–	–	–	–	–	–	18,605	–
Total	1,661,718	68,121	(12,891)	–	–	–	19,992	–	–	1,736,940	(2)

Refer to Note VI.2 for equity in associates.

The Group's investment ratios in TSC, LiHua Energy, Jiangsu Ruichen, Optton Inc (Shanghai), ZPMC, Cadro Hydraulic, Zhongyi Xinwei, Henan Yida and Shenzhen Road Network Technology Co., Ltd. are all below 20%. But since the Group has appointed directors to the above mentioned associates, the Group had significant influence over them. Thus, equity investments on these associates were evaluated subsequently by equity method.

As at 30 June 2017, except for MSC, there is no need for the Group to recognise provision for long-term equity investments in joint ventures and associates based on the provision testing result that compared the estimated recoverable amount and book value of long-term equity investments in joint ventures and associates (31 December 2016: Nil).

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Investment properties

	Buildings and relevant land use rights	Land use rights	Total
1 January 2016	730,168	–	730,168
Additions	78,176	–	78,176
Changes in fair value	75,792	–	75,792
Transferred from fixed assets	131,859	–	131,859
Transferred from intangible assets	46,843	130,551	177,394
Transferred from construction in progress	786	–	786
Revaluation gains upon transfers	102,062	482,772	584,834
Transferred out to assets classified as held for sale	(26,401)	–	(26,401)
Transferred out	–	–	–
31 December 2016	1,139,285	613,323	1,752,608
1 January 2017	**1,139,285**	**613,323**	**1,752,608**
Additions	**–**	**–**	**–**
Changes in fair value	**–**	**–**	**–**
Transferred from fixed assets	**–**	**–**	**–**
Transferred from intangible assets	**–**	**–**	**–**
Transferred from construction in progress	**1,287**	**–**	**1,287**
Revaluation gains upon transfers	**–**	**–**	**–**
Transferred out to assets classified as held for sale	**–**	**–**	**–**
Transferred out	**(17,704)**	**(17,685)**	**(35,389)**
Exchange differences arising from translating foreign currencies	**3,559**	**–**	**3,559**
30 June 2017	**1,126,427**	**595,638**	**1,722,065**

In the period, there is no capitalised borrowing cost in investment properties (For the period ended 30 June 2016:Nil).

The fair value of the investment properties of the Group belongs to level 3. Details of the valuation methods and significant assumptions used by the Group in determining the fair value of investment properties are set out in Note XIV. 6.

In the period, amounts transferred out to fixed assets and intangible assets are 17,704,000 and 17,685,000, respectively.

As at 30 June 2017, the buildings with carrying amount of about 156,697,000 (31 December 2016: 113,196,000) had not been entitled the property ownership certificates due to unfinished entitling procedures.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Fixed assets

(1) Fixed assets

	Plants and buildings	Machinery and equipment	Office & other equipment	Motor vehicles	Offshore engineering equipment	Dock, wharf	Total
Original cost							
31 December 2016	10,676,684	10,112,067	1,981,991	1,045,215	6,783,391	1,262,820	31,862,168
Additions due to business combination	24,321	11,604	7	71	–	–	36,003
Additions in current period	58,845	160,773	76,355	167,934	–	–	463,907
Transfer from construction in progress	35,997	206,727	159,382	12,060	–	–	414,166
Transfer from investment properties	41,738	–	–	–	–	–	41,738
Decrease in current period	(86,498)	(296,266)	(85,105)	(27,882)	(79,025)	–	(574,776)
Transfer to investment properties	–	–	–	–	–	–	–
Divided into held for sale assets	–	–	–	–	–	–	–
Exchange differences arising from translating foreign currencies	13,616	(4,898)	(1,713)	1,104	(65,291)	(12,759)	(69,941)
30 June 2017	10,764,703	10,190,006	2,130,917	1,198,502	6,639,075	1,250,061	32,173,264
Accumulated depreciation							
31 December 2016	2,522,207	4,231,582	1,254,278	528,237	686,944	232,400	9,455,648
Additions due to business combination	4,742	5,969	6	60	–	–	10,777
Depreciation recognised in current period	213,148	341,224	110,381	90,651	135,213	25,881	916,498
Transfer from investment properties	24,034	–	–	–	–	–	24,034
Decrease in current period	(54,520)	(105,017)	(80,543)	(14,433)	(8,436)	–	(262,949)
Transfer to investment properties	–	–	–	–	–	–	–
Divided into held for sale assets	–	–	–	–	–	–	–
Exchange differences arising from translating foreign currencies	5,832	(2,924)	2,550	506	(10,729)	(5,593)	encies997,3735,886.7ale

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Fixed assets (Continued)

(1) Fixed assets (Continued)

As at 30 June 2017, the machine with a net book value of approximately 375,761,000 (original cost of 525,362,000) was used as collateral for long-term payables of 109,272,000 (31 December 2016: 398,144,000 (original cost of 525,305,000)) was used as collateral for long-term payables of 159,815,000, see Note IV. 24.

In the period, depreciation of fixed assets recognised amounted to 916,498,000(For the period ended 30 June 2016: 1,056,717,000), of which 776,825,000, 9,897,000 and 129,776,000(For the period ended 30 June 2016: 891,935,000, 14,860,000 and 149,922,000) has been charged in cost of sales, selling and distribution expenses, general and administrative expenses, respectively.

In the period, the original cost of fixed assets transferred from construction in progress is 414,166,000 (2016: 1,206,156,000).

(2) As at 30 June 2017, the carrying amount of temporarily idle buildings, machinery and equipment amounts to 344,385,000(original cost of 614,561,000) (31 December 2016: carrying amount of 207,894,000 and ount 0sd4 of4156,156,00466:ount 0sd

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Fixed assets (Continued)

(3) Fixed assets held through finance leases:

	30 June 2017	31 December 2016

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Construction in progress

(1) Construction in progress

	30 June 2017			31 December 2016		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Vessels under construction of financing and leasing company	**20,301,214**	**–**	**20,301,214**	19,405,489	–	19,405,489
Raffles H273, H1284 Project	**2,747,244**	**–**	**2,747,244**	2,754,873	–	2,754,873
Enric workshop construction project	**59,202**	**–**	**59,202**	88,101	–	88,101
Cold Chain Research Institute Project	**49,146**	**–**	**49,146**	47,633	–	47,633
Refrigerated car project of Anhui United Feicai	**37,622**	**–**	**37,622**	30,583	–	30,583
Production equipment of C&C Trucks	**35,382**	**–**	**35,382**	35,218	–	35,218
HJQM semitrailer production line	**26,477**	**–**	**26,477**	–	–	–
XHCIMC waterborne paint reconstruction project	**22,418**	**–**	**22,418**	13,079	–	13,079
Dormitory construction project of QDCRC	**21,129**	**–**	**21,129**	21,129	–	21,129
Qingdao CIMC waterborne paint reconstruction project	**19,590**	**–**	**19,590**	–	–	–
SHYSLE waterborne paint reconstruction project	**11,933**	**–**	**11,933**	–	–	–
Dongguan CIMC vehicle logistics equipment project	**5,522**	**–**	**5,522**	11,497	–	11,497
TCCIMC relocation and reconstruction project	**5,400**	**–**	**5,400**	5,400	–	5,400
Raffles large scale equipment (including 2000T slewing crane)	**3,128**	**–**	**3,128**	3,080	–	3,080
TJCIMC mid-thick plate and bottom side crossbeam automatic production line	**1,981**	**–**	**1,981**	1,575	–	1,575
TAS New Plant Project	**1,824**	**–**	**1,824**	1,498	–	1,498
XHCIMCS Production Line and Power Facilities Reconstruction Project	**1,506**	**–**	**1,506**	1,506	–	1,506
Second phase of Hebei construction	**641**	**–**	**641**	12,033	–	12,033
Others	**454,939**	**(1,645)**	**453,294**	338,916	(2,421)	336,495
Total	**23,806,298**	**(1,645)**	**23,804,653**	22,771,610	(2,421)	22,769,189

The carrying amounts of construction in progress at the end of the period included accumulated capitalised borrowing cost of 1,750,963,000(31 December 2016: 1,532,714,000). The interest rate adopted for determining capitalised at borrowing cost for the current period was 3.18%(For the period ended 30 June 2016: 3.08%).

As at 30 June 2017, there is no restricted construction in progress of the Group (31 December 2016: Nil).

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Construction in progress (Continued)

(2) Movement of significant projects of construction in progress during the year

	Budgeted amount	31 December 2016	Current period additions	Transfer to fixed assets	Transfer to investment properties	30 June 2017	Proportion of expenditures incurred to budgeted amount (%)	Progress of construction	Cumulative capitalised interest	Including: current period capitalised interest	Interest capitalisation rate (%)	Source of funds	Exchange differences arising from translating foreign currencies
Vessels under construction of financing and leasing company	25,459,806	19,405,489	997,902	–	–	**20,301,214**	98%	79%-100%	1,110,333	177,235	3.18%	Bank loan	(102,177)
Raffles H273, H1284 Project	2,866,854	2,754,873	56,753	–	–	**2,747,244**	97%	95%	192,141	41,014	3.18%	Self-funding & bank loan	(64,382)
Enric workshop construction project	181,082	88,101	9,764	(38,663)	–	**59,202**	91%	74%	–	–	–	Self-funding	–
Cold Chain Research Institute Project	60,000	47,633	1,513	–	–	**49,146**	82%	82%	–	–	–	Self-funding	–
Refrigerated car project of Anhui United Feicai	41,249	30,583	7,039	–	–	**37,622**	91%	100%	–	–	–	Self-funding	–
Production equipment of C&C Trucks	35,838	35,218	260	(96)	–	**35,382**	99%	50%-100%	–	–	–	Self-funding	–
HJQM semitrailer production line	120,000	–	26,477	–	–	**26,477**	22%	22%	–	–	–	Self-funding	–
XHCIMC waterborne paint reconstruction project	30,640	13,079	11,863	(2,524)	–	**22,418**	81%	90%	–	–	–	Self-funding	–
Dormitory construction project of QDCRC	23,369	21,129	–	–	–	**21,129**	90%	90%	–	–	–	Self-funding	–
Qingdao CIMC waterborne paint reconstruction project	29,500	–	19,590	–	–	**19,590**	66%	90%	–	–	–	Self-funding	–
SHYSLE waterborne paint reconstruction project	30,000	–	11,933	–	–	**11,933**	40%	40%	–	–	–	Self-funding	–
Dongguan CIMC vehicle logistics equipment project	388,182	11,497	923	(6,8(.514 0 Td(923)Tj:d1a i6e9te53,0j/CS0 cs 1 scn/T1									

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets and development expenditure (Continued)

(2) As of 30 June 2017, intangible assets with pending certificates of ownership are as follows:

	Carrying amount in RMB	Reasons for unsettlement
Ningbo Container Manufacture land use right	75,322	in the progress
SCIMCEL Tangkeng land use right	55,674	expired and relevant procedures are required
C&C Trucks land use right	19,187	in the progress
Langfang land use right	8,887	in the progress
SCIMCEL dormitory	1,787	in the progress
Total	160,857	

After the evaluation of board of directors of the Group, the aforementioned intangible assets with unsettled certificates have no risk of impairment.

(3) As of 30 June 2017, there was no restricted intangible asset (31 December 2016: Nil).

(4) As at 30 June 2017, the intangible asset with indefinite useful lives is Gas station Franchise which amounted to 53,300,000 (31 December 2016: 53,300,000).

(5) Development expenditure is as follows:

	31 December 2016	Current period addition	Recognised as intangible assets	30 June 2017

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Goodwill

31 December

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Long-term prepaid expenses

	31 December 2016	Additions due to business combination	Current period addition	Current period amortisation	Exchange differences arising from translating foreign currencies	**30 June 2017**
Yard facility expenses	9,691	–	223	(1,424)	29	**8,519**
Project insurance and commission	133,924	–	31,369	(30,658)	(2,513)	**132,122**
Improvements to fixed assets held under operating leases	9,439	–	5,372	(2,204)	–	**12,607**
Operating lease interest expenses	–	–	–	–	–	**–**
Improvement of engineering vessel	19,996	–	51,692	(12,110)	(987)	**58,591**
Others	73,524	52	10,123	(14,283)	(99)	**69,317**
Sub-total	246,574	52	98,779	(60,679)	(3,570)	**281,156**
Less: provision for impairment	–	–	–	–	–	**–**

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets and deferred tax liabilities

(1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences

	30 June 2017		31 December 2016	
	Deductible/ (taxable) temporary differences	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provision for asset impairment	**834,767**	**160,844**	1,546,119	322,474
Accrued liability	**617,576**	**113,145**	690,921	139,994
Employee benefits payable	**1,139,847**	**257,745**	1,273,607	296,507
Accrued expenses	**120,131**	**26,479**	493,541	89,303
Deductible losses	**1,791,531**	**306,356**	1,861,895	332,307
Movement for fair value of financial assets at fair value through profit or loss/hedging instruments	**7,729**	**1,634**	27,566	6,892
Available-for-sale financial assets	**–**	**–**	14,230	2,134
Intra-group unrealised revenue	**29,871**	**7,468**	18,904	4,726
Others	**2,180,446**	**436,088**	278,319	69,580
Sub-total	**6,721,898**	**1,309,759**	6,205,102	1,263,917
Offsetting amount	**(187,229)**	**(32,843)**	(25,512)	(6,247)
Offsetting balances	**6,534,669**	**1,276,916**	6,179,590	1,257,670

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets and deferred tax liabilities (Continued)

(2) Unrecognised deferred tax assets

	30 June 2017	31 December 2016
Deductible losses	**1,712,996**	1,606,035
Impairment losses of SOE	**634,426**	340,729
Impairment losses of timber Concession rights	**22,119**	22,119
Others	**3,125**	3,125
Total	**2,372,666**	1,972,008

(3) Maturity of deductible losses that are not recognised as deferred tax assets:

	30 June 2017	31 December 2016
2017	**1,296,480**	1,199,243
2018	**1,086,941**	1,086,941
2019	**437,892**	340,655
2020	**819,702**	819,702
2021 and after 2021	**4,149,817**	4,149,817
Total	**7,790,832**	7,596,358

Note 1: By the end of 2016 and as at 30 June 2017, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

As at 30 June 2017, the Group is subject to an income tax on the difference of tax rates if its subsidiaries in Hong Kong and overseas decide to distribute dividends to the shareholders in mainland China. The temporary difference arising from the undistributed profits of such subsidiaries is approximately 3,630,258,000(31 December 2016: 3,303,113,000). Since the Group can control the dividend distribution policy of its subsidiaries and has decided not to distribute dividends in the foreseeable future, the deferred income tax liabilities on such undistributed profits were not recognised.

The Group had no unrecognised deferred tax liabilities other than the mentioned above.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Other non-current assets

	30 June 2017	31 December 2016

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Restricted assets

As at 30 June 2017, assets with restrictions in their ownership are as follows:

	Note	31 December 2016	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	**30 June 2017**
Assets used as collateral						
– Cash at bank and on hand	IV.1	987,257	49,135	(219,448)	(99)	**816,845**
– Notes receivable	IV.3	206,753	207,835	(158,188)	–	**256,400**
– Long term receivables	IV.12	8,164,729	(57,408)	(654,249)	–	**7,453,072**
– Fix assets	IV.15	398,144	–	(22,383)	–	**375,761**
Total		9,756,883	199,562	(1,054,268)	(99)	**8,902,078**

Long term receivables are used as collateral for mortgage loan. Notes receivables are used for rediscounting, pledge for letter of guarantee and pledge for pool of notes.Refer to IV.15 for non-current restrictions with restrictions which are used as collateral for long term payables.Refer to Note IV.25 and IV.28 for details of short-term pledged borrowings. The restricted cash at bank and on hand were security deposits, and deposits in the People's Bank of China by Finance Company.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Short-term borrowings

(1) Classification of short-term borrowings:

	Note	30 June 2017	31 December 2016
Guaranteed	(a)		
USD		**391,505**	2,938,354
RMB		**1,962,138**	937,852
EUR		**16,723**	61,487
Sub-total		**2,370,366**	3,937,693
Pledged	(b)		
RMB		**32,821**	59,902
Unsecured			
USD		**9,299,113**	7,427,465
EUR		**719,692**	478,076
GBP		**17,621**	178
RMB		**5,327,359**	3,613,782
AUD		**329**	2,296
SGD		**–**	39,006
JPY		**–**	7,169
Sub-total		**15,364,114**	11,567,972
Discounted Notes			
RMB		**178,447**	164,220
Total		**17,945,748**	15,729,787

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Short-term borrowings (Continued)

(1) Classification of short-term borrowings: (Continued)

(a) As at 30 June 2017, guaranteed borrowings of the Group consisted of the following: bank loans of subsidiary Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group") amounting to USD324,000 (Equivalent to RMB2,195,000); loans of CIMC Raffles offshore engineering (Singapore) Co., Ltd amounting to 1,400,138,000, USD33,962,000 (Equivalent to RMB230,096,000) and Euro 2,158,000 (Equivalent to RMB16,723,000), guaranteed by the Group and China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong"); loans of subsidiary C&C Trucks amounting to 450,000,000, which is guaranteed by the Group; loans of Xiamen Hongxin Berg Leasing Co., Ltd. Amounting to 112,000,000, guaranteed by the CIMC Financing and Leasing Co., Ltd. (CIMCVL); CIMC Financing and Leasing Co., Ltd. (CIMCVL) amounting to USD23,500,000 (Equivalent to RMB159,214,000), guaranteed by the Group and CIMC Hong Kong.

(b) As at 30 June 2017, the pledged loans of the Group was loans from the People's Bank of China pledged with notes receivables which was applied by the Finance Company, amounting to 32,821,000.

(c) As at 30 June 2017, there was no short-term borrowing owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group or related parties.

(d) As at 30 June 2017, the interest rate of short term borrowing ranged from 1.30% to 6.09% (31 December 2016: 0.65% to 16.41%).

26. Financial liabilities at fair value through profit or loss

	Note	**30 June 2017**	31 December 2016
Current			

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Notes payable

	30 June 2017	31 December 2016
Bank acceptance notes	**872,925**	1,050,745
Trade acceptance notes	**380,250**	500,837
Total	**1,253,175**	1,551,582

The above notes payable are due within one year.

28. Accounts payable

(1) The Group's accounts payable is as follows:

	30 June 2017	31 December 2016
Due to raw materials suppliers	**9,364,746**	8,303,845
Integrated logistics service charges	**468,558**	461,925
Project contract charges	**291,105**	259,029
Project procurement charges	**398,677**	658,048
Due to equipment suppliers	**618,839**	150,029
Transportation charges	**69,741**	135,159
Processing charges	**41,972**	129,178
Others	**91,540**	63,738
Total	**11,345,178**	10,160,951

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Accounts payable (Continued)

(1) The Group's accounts payable is as follows: (Continued)

The aging analysis of accounts payable is as follows:

	30 June 2017	31 December 2016
Within 1 year (inclusive)	**10,710,275**	9,535,350
1 to 2 years (inclusive)	**337,357**	414,188
2 to 3 years (inclusive)	**179,384**	153,893
Over 3 years	**118,162**	57,520
Total	**11,345,178**	10,160,951

As at 30 June 2017, accounts payable over 1 year with a carrying amount of 634,903,000 (31 December 2016: 625,601,000) are mainly payables related to offshore engineering business. Since the production cycle of the offshore engineering project is usually more than one year, the payables have not yet been settled.

The aging is calculated from the date that the accounts payable is recognised.

(2) As at 30 June 2017, there was no accounts payable owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group. Accounts payable owed to related parties are as listed follows:

		30 June 2017		31 December 2016	
Company name	Relationship with the Group	Amount	% of total balance	Amount	% of total balance
Y&C Engine	Joint Venture	**38,931**	**0.34%**	66,157	0.65%
TSC	Associates	**13,807**	**0.12%**	25,727	0.25%
Fujian Qingchen Bamboo Industry Co., Ltd.	Associates	**10,496**	**0.09%**	8,138	0.08%
Shanxi Heavy Duty Automobile	Minority shareholders of subsidiaries	**5,352**	**0.05%**	3,611	0.04%
Ningxia Changming	Associates	**2,732**	**0.02%**	2,435	0.02%
Xuzhou CIMC Wood Co., Ltd	Associates	**202**	**0.00%**	17,905	0.18%
Asahi Trading Co., Ltd	Minority shareholders of subsidiaries	**–**	**0.00%**	15,902	0.16%
Other related parties		**5,825**	**0.05%**	7,062	0.07%
Total		**77,345**	**0.67%**	146,937	1.45%

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Accrued payroll (Continued)

(1) Short-term wages

	31 December 2016	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	**30 June 2017**
Wages and salaries, bonuses, allowances and subsidies	1,699,319	2,516,308	(2,475,474)	4,252	**1,744,405**
Profit-sharing and senior management bonus	205,151	–	(8,951)	–	**196,200**
Housing funds	6,118	80,860	(80,906)	(30)	**6,042**
Labor union funds and employee education funds	62,236	27,129	(36,014)	(157)	**53,194**
Social security contributions and others	12,517	87,991	(77,504)	1	**23,004**
Including: Medical insurance	9,564	74,051	(65,053)	1	**18,563**
Work injury insurance	1,583	8,250	(7,850)	–	**1,983**
Maternity insurance	1,370	5,690	(4,601)	–	**2,458**
Other short-term wages	104,784	280,656	(334,802)	901	**51,539**
Total	2,090,125	2,992,944	(3,013,651)	4,967	**2,074,384**

(2) Defined contribution plans

	31 December 2016	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	**30 June 2017**
Basic pensions	21,455	205,171	(186,716)	5	**39,915**
Unemployment insurance	2,554	8,214	(5,724)	–	**5,043**
Enterprise annuities	147	1,109	(1,061)	–	**195**
Total	24,156	214,494	(193,501)	5	**45,153**

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Interest payable

	Note	30 June 2017	31 December 2016
Interest of redemption rights of strategic investors	IV.43	**203,985**	135,990
Interest of short-term borrowings		**79,273**	76,730
Interest of corporate bonds		**218,242**	70,249
Interest of long-term borrowings		**31,928**	20,406
Total		**533,428**	303,375

33. Dividends payable

	30 June 2017	31 December 2016
Due to minority shareholders of subsidiaries	**75,080**	16,746
Due to ordinary share	**178,332**	–
Total	**253,412**	16,746

34. Other payables

(1) The analysis of the Group's other payables is as follows:

	Note	30 June 2017	31 December 2016
Advance received		**2,595,693**	1,892,437
Accruals		**1,555,619**	1,490,340
Quality guarantees		**543,228**	593,210
Transportation expenses		**500,826**	315,605
Equipment or land use rights		**136,633**	185,777
External commission		**82,243**	73,619
Current account with subsidiary's minority	(3)	**72,786**	111,054
Insurances		**27,483**	12,732
Royalties		**4,452**	601
Professional and training fees		**1,712**	17,897
Housing maintenance fees		**773**	5,456
Equity payable on Yangshan services		**–**	23,200
Others		**605,931**	432,145
Total		**6,127,379**	5,154,073

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Other payables (Continued)

(2) Significant other payables aged over one year mostly consist of unsettled quality guarantee,

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Current portion of non-current liabilities

The Group's current portion of non-current liabilities are analysed by categories as follows:

	Note	30 June 2017	31 December 2016
Current portion of long-term borrowings	IV.38		
– Unsecured		**3,197,042**	3,401,313
– Guaranteed		**1,694,372**	124,397
		4,891,414	3,525,710
Current portion of long-term payables			
Finance lease payable		**114,537**	136,571
Less: unrealised financing expense		**(8,826)**	(15,826)
Finance lease payable-net	IV.40	**105,711**	120,745
Others		**18,376**	17,567
		124,087	138,312
Current portion of other non-current		**–**	3,850
Total		**5,015,501**	3,667,872

37. Other current liabilities

	Note	30 June 2017	31 December 2016
Commercial paper issued by the Group	(1)	**2,583,959**	1,666,966
Others		**28,321**	20,796
		2,612,280	1,687,762

(1) The Commercial paper was issued by CIMC Fortune Holdings Limited ("Fortune") and CIMC HK, the subsidiaries of the Group. As at 20 May 2016, Fortune signed a short-term commercial paper agreement with Bank of New York Mellon, Goldman Sachs and Bank of China (London Branch) on issuing commercial paper at the amount of USD450 million with an expiry period of three years; As at the end of the period, the unexpired amount of the outstanding commercial paper was USD318,000,000 (equivalent to RMB2,154,471,000); As at 21 December 2015, CIMC HK renewed a trilateral cooperation framework agreement with Bank of China and Bank Merril Lynch on issuing commercial paper in the United States within USD600 million. As at 30 June 2017, the unexpired amount of outstanding 3-year commercial paper issued under such framework agreement was USD63,400,000 (equivalent to RMB429,488,000).

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Long-term borrowings

(1) Classification of long-term borrowings

	Note	30 June 2017	31 December 2016
Bank borrowings			
– Unsecured		**10,276,585**	11,496,937
– Mortgaged	(i)	**5,772,819**	6,260,830
– Guaranteed	(ii)	**12,507,099**	12,791,165
		28,556,503	30,548,932
Less: current portion of long-term borrowings			
– Unsecured		**3,197,042**	3,401,313
– Guaranteed	(ii)	**1,694,372**	124,397
		4,891,414	3,525,710
Total		**23,665,089**	27,023,222

(i) As at 30 June 2017, the subject matters of the financial leasing contracts of the subsidiaries of CIMC Financing and Leasing Co., Ltd are mortgaged as collaterals for the Group's mortgaged loan.

(ii) As at 30 June 2017, the Group's long-term guaranteed borrowings were comprised of the following: bank borrowing of Fortune amounted to USD1,489,000,000 (equivalent to RMB10,088,075,000) which were guaranteed by the Company, among which the current portion amounted to USD2,000,000 (equivalent to RMB13,550,000); bank loans of CIMCVL amounted to USD352,157,000 (equivalent to RMB2,385,719,000), guaranteed by the Company and CIMC Hong Kong, among which the current portion amounted to USD248,114,000 (equivalent to RMB1,680,822,000);bank borrowings of Xiamen Hongxin Berg Leasing Co., Ltd amounted to 25,787,000 guaranteed by Tianjin Hongxin Berg Co., Ltd; bank borrowings of Dongguan CIMC Intelligent Technology Co., Ltd amounted to 7,518,000 guaranteed by the Company.

(2) No amount due to the shareholders who hold 5% or more of the voting rights of the Company or due to related parties is included in the above balance of long-term borrowings. (31 December 2016:Nil).

(3) As at 30 June 2017, the interest rate of long-term borrowing ranged from 1.20% to 6.37% (31 December 2016: 1.45% to 6.77%).

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Debentures payable

31 December 2016	Current issue	**30 June 2017**

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Long-term payables

	30 June 2017	31 December 2016
Financial Lease payables	**303,625**	323,920
Less: unrealised financing expenses	**(41,174)**	(34,723)
Financial Lease payables – net	**262,451**	289,197
Payable to minority shareholders	**120,789**	120,789
Deposits payable	**100,635**	117,922
Others	**21,034**	1,464
Total	**504,909**	529,372

(1) Details of financial leasing payables

As at 30 June 2017, the total future minimum lease payments under finance leases, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), were as follows:

Minimum lease payments	30 June 2017	31 December 2016
Within 1 year (inclusive)	**114,537**	136,571
Over 1 year but within 2 years (inclusive)	**251,829**	287,267
Over 2 years but within 3 years (inclusive)	**12,352**	3,564
Over 3 years	**39,444**	33,089
Sub-total	**418,162**	460,491
Less: unrecognised finance expenses	**(50,000)**	(50,549)
Carrying amounts	**368,162**	409,942

The Group had no financial leasing guaranteed by independent third party during the period.

IV.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Deferred income (Continued)

(1) Government grants

Project name	31 December 2016	Current period additions	Recognised as other income	Other changes	**30 June 2017**	Related to assets/income
Yantai Raffles National Development and Reform Commission on the release of industrial upgrading project budget report	200,000	–	–	–	**200,000**	Related to assets
Enric relocation compensation	184,253	–	3,566	–	**180,687**	Related to assets
Enric new factory government grants	80,396	–	1,735	–	**78,661**	Related to assets
Shanxi CIMC Vehicle Industry Garden construction grants	54,052	–	651	–	**53,401**	Related to assets
Ningbo Container Manufacture industry support funds	38,000	–	–	–	**38,000**	Related to income
C&C Trucks government build donation	30,000	–	–	–	**30,000**	Related to assets
TAS industrial base project	28,291	4,220	803	–	**31,708**	Related to assets
Yantai Raffles Seventh Generation Super Deepwater Drilling Platform (Boat) Innovation Special	26,504	–	–	–	**26,504**	Related to income
Taicang CIMC Special Logistics Equipment Co. Ltd.	11,396	–	152	–	**11,244**	Related to assets
TCCIMC land compensation	9,862	–	131	–	**9,731**	Related to assets
CQLE Land grant fee refund	8,021	–	100	–	**7,921**	Related to income
Zhenhua Group Drop and Pull Transport program	7,844	–	450	–	**7,394**	Related to assets
Special equipment controller and system industrialisation based on various communication interfaces of CCHQ	8,000	–	917	–	**7,083**	Related to assets
TAS information technology development special fund	7,348	–	351	–	**6,997**	Related to assets
MEA-other	6,301	–	–	–	**6,301**	Related to income
Environmentally friendly mega deepwater floating production storage unit (FPSO) and application of the South China Sea	6,000	–	–	–	**6,000**	Related to assets
MEA special funds to support industrial innovation	5,520	–	460	–	**5,060**	Related to assets
KGR R&D fund	4,270	–	112	–	**4,158**	Related to assets
Transformation project of high-tech in Jiangsu Province of Yangzhou Runyang	2,256	–	113	–	**2,143**	Related to assets
TAS technology development fund	886	–	48	–	**838**	Related to assets
Government subsidies of XHCIMCS	17,362	–	17,362	–	**–**	Related to assets
Government subsidies of Xinhui Modular Building Manufacturing	10,764	–	10,764	–	**–**	Related to assets
Others	82,416	40,480	6,909	–	**115,987**	Related to assets/ income
Total	829,742	44,700	44,624	–	**829,818**	

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Other non-current liabilities

	Note	30 June 2017	31 December 2016
Capital increment from strategic investors	(1)(2)	**1,549,826**	1,549,826
Commitment of dividends to minority shareholders	IV.5(7)(i)	**487,632**	487,632
Platform special inspection fees	(3)	**73,421**	73,421
Rental advance		**11,576**	12,677
Others		**114,359**	–
Total		**2,236,814**	2,123,556

(1) As at 18 December 2015, Shanghai Taifuxiangzhong Private Equity Fund (Limited Partnership), Nanshan Dacheng New Material Investing Partnerships (LLP), Sumitomo Corporation and Shenzhen Dragon-Source Harbor City Investing Development Co., Ltd.(together referred to as "new strategic investors") entered an additional investment on CIMC Vehicle (Group) (referred to as "HI") contract with the Company, China Resources Shenzhen International Trust Investment Co., Ltd and China International Marine Containers (Hong Kong) Limited (together referred to as "original shareholders"); in January 2016, new strategic investors provide additional investment on HI USD166,173,000 (equivalent to RMB1,089,580,000), USD15,233,000 (equivalent to RMB100,000,000); In December 2015, new strategic investors provide additional investment on HI amounted to USD9,288,117 (equivalent to RMB60,246,000, based on the investing payment date exchange rate) and 100,000,000 respectively; after the additional investing, their shares on HI will be 16.822%, 1.544%, 0.929% and 1.544% of whole HI shares. Also, the contract regulates that if HI cannot launch a valid IPO before 31 December 2020, new strategic investors (except Shenzhen Dragon-Source Harbor City Investing Development Co., Ltd.) would have the right to ask the Company to repurchase their shares on HI in the form of cash. The repurchase price should be the sum of (a) the subscription price that the individual new strategic investor actually paid in this additional investing and (b) the total interest calculated based on 8% single interest per year and the period covered from the date of the subscription price actually paid to the date the controlling shareholders fully pay the repurchase amount.

The equity of HI that the investors have right to ask repurchase should be fully recognised as a liability because of the existence of right of repurchase; As at 30 June 2017, the relevant liability was 1,249,826,000 (31 December 2016: 1,249,826,000).

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Share capital

	31 December 2016 '000	Current period additions '000	Current period decrease '000	Change of shares subject to selling restriction '000	**30 June 2017 '000**
Shares subject to trading restriction					
– Held by domestic natural person	699	29	–	–	**728**
Shares not subject to trading restriction					
– RMB-denominated ordinary shares	1,261,301	1,747	–	–	**1,263,048**
– Foreign shares listed overseas	1,716,577	–	–	–	**1,716,577**
Total	2,978,577	1,776	–	–	**2,980,353**

	31 December 2015 '000	Current year additions '000	Current year decrease '000	Change of shares subject to selling restriction '000	31 December 2016 '000
Shares subject to trading restriction					
– Held by domestic natural person	866	21	–	(188)	699
Shares not subject to trading restriction					
– RMB-denominated ordinary shares	1,260,377	736	–	188	1,261,301
– Foreign shares listed overseas	1,716,577	–	–	–	1,716,577
Total	2,977,820	757	–	–	2,978,577

The par value of the aforesaid shares was RMB1.00.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other equity instruments

	31 December 2016	Current period issuance	Other changes in current period	Paid in current	**30 June 2017**
Perpetual bonds	2,049,035	–	35,908	(103,800)	**1,981,143**

	31 December 2015	Current year issuance	Other changes in current year	Paid in current	31 December 2016
Perpetual bonds	2,033,043	–	119,792	(103,800)	2,049,035

As at 16 June 2015, the Group issue unsecured perpetual bond at par value of 2,000 million. The net value amounted to 1,981,143,000 after the deduction of issue expenses. The equity instrument was issued for common corporate financing. The interest rate is 5.19% per annum at the first 3 interest-bearing year. The interest is paid once a year and the Group can choose to defer the payment. As of the fourth interest-bearing year, the coupon rate is reset every 3 years. This instrument has no settled maturity date, and the Group can choose to buy it back at the par value together with any accrued, unpaid or deferred interest after 16 June 2018 or later. Before the settlement of deferred interest (including the interest of deferred interest), the issuer can not distribute dividend, reduce capital or any other payment to securities that are inferior to the midterm notes of current period.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Capital surplus

	31 December 2016	Current period additions	Current period decrease	**30 June 2017**
Share premium	3,590,421	29,310	–	**3,619,731**
Other capital surplus:				
– Exchange reserve on foreign currency capital	692	–	–	**692**
– Donated non-cash assets reserve	257	–	–	**257**
– Equity settled share-based payment	420,004	6,778	(12,103)	**414,679**
– Capital surplus due to share option exercised by subsidiary	15,967	70	–	**16,037**
– Capital surplus due to minority shareholders' contribution	435,101	3,428	–	**438,529**
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	900,031	–	–	**900,031**
– Capital surplus due to corporate restructuring	(42,696)	–	–	**(42,696)**
– Capital surplus due to acquiring minority shareholders' equity	(246,669)	–	(78,103)	**(324,772)**
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	**(58,964)**
– Effect of functional currency change	(406,795)	–	–	**(406,795)**
– Capital surplus due to acquisition or establishment of subsidiary	(51,925)	–	–	**(51,925)**
– Recognition of buy-back right granted to minority shareholders	(1,549,826)	–	–	**(1,549,826)**
Others	120,987	–	–	**120,987**
Total	3,126,585	39,586	(90,206)	**3,075,965**

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Capital surplus (Continued)

	31 December 2015	Current period additions	Current period decrease	31 December 2016
Share premium	3,577,648	12,773	–	3,590,421
Other capital surplus:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Equity settled share-based payment	402,887	22,316	(5,199)	420,004
– Capital surplus due to share option exercised by subsidiary	14,275	1,692	–	15,967
– Capital surplus due to minority shareholders' contribution	207,660	227,441	–	435,101
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	899,128	903	–	900,031
– Capital surplus due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	(224,430)	–	(22,239)	(246,669)
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
– Capital surplus due to acquisition or establishment of subsidiary	(51,925)	–	–	(51,925)
– Recognition of buy-back right granted to minority shareholders	(1,249,826)	–	(300,000)	(1,549,826)
Others	113,952	7,035	–	120,987
Total	3,181,863	272,160	(327,438)	3,126,585

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Surplus reserve

	31 December 2016	Current period additions	Current period decrease	**30 June 2017**
Statutory surplus reserve	1,489,287	–	–	**1,489,287**
Discretionary surplus reserve	1,790,092	–	–	**1,790,092**
Total	3,279,379	–	–	**3,279,379**

	31 December 2015	Current year additions	Current year decrease	31 December 2016
Statutory surplus reserve	1,413,486	75,801	–	1,489,287
Discretionary surplus reserve	1,790,092	–	–	1,790,092
Total	3,203,578	75,801	–	3,279,379

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year (including shareholder and other equity holders of the Company) to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital.

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities.

49. Undistributed profits

	Note	**30 June 2017**	31 December 2016
Undistributed profits at the beginning of the year		**17,495,053**	17,805,808
Add: net profit attributable to the shareholders and other equity holders of the Company for the current period		**796,898**	539,660
Less: Influence of issuing perpetual bonds		**(35,908)**	(119,792)
Less: appropriation for surplus reserve		**–**	(75,801)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Undistributed profits (Continued)

(1) Dividends of ordinary shares declared during the period

	30 June 2017	31 December 2016
Dividends proposed but not declared	–	–
Total proposed dividends in the period	179,835	654,822

In accordance with the resolution at the shareholders' general meeting of the Company, as at 9 June 2017, the Company paid a cash dividend in the amount of 0.06 per share to the ordinary shareholders as at 20 July 2017 (2016: 0.22 per share), totalling 179,835,000 (2016: 654,822,000).

50. Revenue and cost of sales

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Revenue from main operations	32,656,928	22,828,212
Revenue from other operations	730,224	714,631
Total	33,387,152	23,542,843
Cost of sales from main operations	26,911,617	18,795,869
Cost of sales from other operations	329,947	330,627
Total	27,241,564	19,126,496

There was no individual construction contract whose revenue amounted to more than 10% of the total revenue.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Revenue and cost of sales (Continued)

(1) Revenue and cost of sales from main operations by industries and by products

Industry	For the Period from 1 January to 30 June 2017 Revenue from main operations	For the Period from 1 January to 30 June 2017 Cost of sales from main operations	For the Period from 1 January to 30 June 2016 Revenue from main operations	For the Period from 1 January to 30 June 2016 Cost of sales from main operations
Containers	**9,596,787**	**7,944,171**	4,403,976	4,028,151
Road transportation vehicles	**9,456,259**	**7,813,816**	6,807,849	5,586,799
Energy and chemical & food equipment	**4,825,819**	**4,021,439**	4,180,940	3,372,051
Offshore business	**500,245**	**461,813**	950,752	822,464
Airport facilities	**1,147,629**	**932,468**	1,096,364	886,690
Logistics services	**3,725,556**	**3,242,929**	3,149,543	2,763,476
Finance	**1,145,113**	**498,703**	1,113,604	366,336
Real estate	**268,322**	**160,685**	203,751	100,269
Heavy truck	**1,238,678**	**1,166,396**	790,779	771,101
Others	**752,520**	**669,197**	130,654	98,532
Total	**32,656,928**	**26,911,617**	22,828,212	18,795,869

(2) Revenue and cost of sales from main operations by locations

	For the Period from 1 January to 30 June 2017 Revenue from main operations	For the Period from 1 January to 30 June 2017 Cost of sales from main operations	For the Period from 1 January to 30 June 2016 Revenue from main operations	For the Period from 1 January to 30 June 2016 Cost of sales from main operations
P.R China	**27,745,363**	**22,723,465**	19,344,042	15,845,823
Europe	**2,752,566**	**2,371,653**	1,244,670	1,041,609
America	**1,649,559**	**1,394,104**	1,803,907	1,515,328
Asia (except for P.R China)	**378,592**	**317,409**	308,619	282,794
Others	**130,848**	**104,986**	126,974	110,315
Total	**32,656,928**	**26,911,617**	22,828,212	18,795,869

The revenue and cost of sale from main operations by locations is determined on the location at which the services were provided or the goods were delivered.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Revenue and cost of sales (Continued)

(3) Revenue and cost of sales from other operations

	For the Period from 1 January to 30 June 2017		For the Period from 1 January to 30 June 2016	
	Revenue from other operations	**Cost of sales from other operations**	Revenue from other operations	Cost of sales from other operations
Rendering of services	**532,435**	**239,624**	580,116	226,095
Sale of raw materials	**197,789**	**90,323**	134,515	104,532
Total	**730,224**	**329,947**	714,631	330,627

51. Taxes and surcharges

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	Tax base
Business tax	**4,412**	24,768	3% – 5% of revenue
City maintenance and construction tax	**44,238**	85,368	7% of VAT and business
Land appreciation tax	**17,849**	12,290	Appreciation amount in transferring property and applicable tax rate
Educational surcharge	**35,470**	62,541	3% – 5% of VAT and business tax paid
Others	**114,214**	9,269	
Total	**216,183**	194,236	

52. Selling and distribution expenses

For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	**30 June 206e.412**

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. General and administrative expenses

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Employ Benefits	**1,004,200**	783,266
Technology development costs	**288,459**	230,097
Performance bonus and president bonus	**165,200**	49,872
Depreciation	**134,408**	149,922
Amortisation	**113,415**	99,409
Agency fees	**110,796**	97,258
Rental	**75,806**	63,119
Low-value consumables and materials consumed	**49,006**	30,969
Taxes and surcharges	**34,293**	127,122
Share-based payment expenses	**9,583**	19,889
Office expenditure, entertainment fee and others	**382,873**	331,378
Total	**2,368,039**	1,982,301

54. Financial expenses-net

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Expenses by nature

Costs of services, selling expenses,general administrative expenses and financial expenses in income statement by nature are analysed as follows:

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Finished goods and work-in-process movement	**(741,628)**	(244,984)
Consumption of raw materials and low priced and easily worn articles, etc	**24,492,423**	16,685,627
Salary and wages	**3,216,847**	2,129,005
Depreciation and amortisation	**1,152,911**	1,242,346
Shipping and handling charges	**560,202**	411,149
Financial expenses	**594,251**	304,944
Rental	**130,874**	130,385
Technology development costs	**288,459**	230,097
Processing and repairing expense	**294,912**	211,604
Power expenses	**283,549**	180,553
Selling operation expenses	**149,651**	57,393
Other expenses – other manufacturing expenses	**164,295**	234,324
Other expenses – other selling and distribution expenses	**209,567**	291,869
Other expenses – other general and administrative expenses	**663,795**	585,558
	31,460,108	22,449,870

56. Profit/(Loss) from changes in fair value

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Financial assets at fair value through profit or loss		
– Changes in fair value during the year		
1. Profit from changes in fair value of equity instrument held for trading	**29,834**	944
2. Profit/(Loss) from changes in fair value of derivative financial instrument	**(73,769)**	(136,647)
– Profit/(Loss) for derecognised financial assets at fair value through profit or loss	**1,830**	141,409
Sub-total	**(42,105)**	5,706
Financial liabilities at fair value through profit or loss		
– Changes in fair value during the year		
1. Profit/(Loss) from changes in fair value of derivative financial instrument	**9,479**	131,398
Total	**(32,626)**	137,104

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Investment income

Investment income by categories

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
(Loss)/income from disposal of financial assets at fair value through profit	**(1,830)**	(141,409)
Income earned during the holding period of available-for-sale financial assets	**4,106**	8,855
Income earned from disposal of available-for-sale financial assets	**533**	7,714
Income from long-term equity investment under equity method	**2,538**	13,800
Income from disposal of long-term equity investment	**(25,460)**	23,712
Others	**9,485**	–
Total	**(10,628)**	(87,328)

58. Asset impairment losses

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Accounts receivable	**25,988**	14,445
Advance to suppliers	**6,675**	–
Other receivables	**141,923**	343,501
Inventories	**(3,521)**	6,962
Current portion of non-current assets	**97,401**	153,029
Long-term receivables	**(35,563)**	(129,164)
Other non-current assets	**–**	178,634
Fixed assets	**1,534**	94
Restricted cash at bank	**–**	700,000
Total	**234,437**	1,267,501

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Other Income

	For the Period from 1 January to 30 June 2017
Financial subsidies	**57,088**
Tax return	**27,472**
Others	**6,472**
Total	**91,032**

60. Non-operating income

(1) Non-operating income by categories:

	For the Period from 1 January to 30 June 2017

L STATEMENTS (CONTINUED)

For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	Amount recognised In non-recurring profit or loss from 1 January to 30 June 2017
17,388	9,485	17,388
17,388	9,485	17,388
–	–	–
352	393	352
1,699	380	1,699
11,486	989	11,486
679	664	679
800	2,234	800
32,404	14,145	32,404

For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Income tax expenses (Continued)

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

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Profit before tax	**1,576,142**	(165,844)
Income tax expenses calculated at applicable tax rates	**395,233**	338,676
Effect of tax incentive	**(63,499)**	(46,248)
Expenses not deductible for tax purposes	**20,714**	32,243
Other income not subject to tax	**(90,621)**	(74,525)
Utilisation of previously unrses7390,621)T68[(UtilisatioT)7]TJ caax incentes395,233Other inc[(Dfor tax putempx)]T7.9TJ-0diax Other iD		

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Earnings per share (Continued)

(2) Diluted earnings per share

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

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	**796,898**	(378,034)
Influence of the issuing of perpetual bonds	**(35,908)**	(51,900)
Effect of subsidiaries' share option program	**(1,371)**	–
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	**759,619**	(429,934)
Weighted average number of ordinary shares outstanding (diluted) ('000) (adjusted)	**2,986,410**	2,978,120
Diluted earnings per share (RMB/share)	**0.2544**	(0.1444)

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	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Weighted average number of ordinary shares out-standing ('000)	**2,979,059**	2,978,120
Effect of share options ('000)	**7,351**	–
Weighted average number of ordinary shares out-standing (diluted) ('000)	**2,986,410**	2,978,120

The board of directors the Company was authorised to grant 60,000,000 shares (2.01% of the total issued shares 2,980,352,786) to the senior management and other staffs. Refer to Note IX for details.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Notes to the consolidated cash flow statement (Continued)

(4) Cash received related to other financing activities

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Cash paid for acquiring minority interest	**81,616**	22,272
Cash paid for borrowing expenses	**–**	98,104
Total	**81,616**	120,376

65. Information to cash flow statement

(1) Supplementary information to the consolidated cash flow statement

( )

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Net profit	**1,066,509**	(541,160)
Add: Provisions for asset impairment	**234,437**	1,267,501
Depreciation of fixed assets	**916,498**	1,056,717
Amortisation of intangible assets	**175,734**	121,062
Amortisation of investment properties and long-term prepaid expenses	**60,679**	64,902

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Information to cash flow statement (Continued)

(1) Supplementary information to the consolidated cash flow statement (Continued)

( )

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Cash and cash equivalents at the end of the period	**5,940,423**	4,310,559
Less: cash and cash equivalents at the beginning of the year	**6,338,667**	3,259,123
Net increase/(decrease) in cash and cash equivalents	**(398,244)**	1,051,436

(2) Information on acquisition of subsidiaries and other business units during the period

		For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
I.	Information on acquisition of subsidiaries and other business units:		
	Cash and cash equivalents paid for acquisition	**5,000**	965,028
	Less: Cash and cash equivalents held by subsidiaries and other business units on acquisition date	**–**	200,451
	Net cash paid/(receive) for the acquisition	**5,000**	764,577

(3) Cash and cash equivalents

		For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
I.	Cash		
Including:	Cash on hand	**155,947**	3,420
	Cash at bank that can be readily drawn on demand	**4,686,435**	4,074,994
	Other monetary fund that can be readily drawn on demand	**77,875**	232,145
II.	Redemptory monetary capital for sale by Finance Company	**1,020,166**	–
III.	Cash and cash equivalents at the end of the period	**5,940,423**	4,310,559

Note: Aforesaid"Cash at bank and on hand" excluded restricted cash.

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Monetary items denominated in foreign currency

	30 June 2017		
	Functional currency (in thousands)	Exchange Rate	in RMB
Monetary fund –			
USD	**120,552**	**6.7744**	**816,665**
HKD	**289,640**	**0.8679**	**251,384**
AUD	**15,237**	**5.2099**	**79,381**
THB			
	Monetary fund – USD	0.8679	**Monetary fund – 65**

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Monetary items denominated in foreign currency (Continued)

	30 June 2017		
	Functional currency (in thousands)	Exchange Rate	in RMB
Short-term borrowings –			
USD	1,430,476	6.7744	9,690,618
EUR	95,026	7.7496	736,415
GBP	1,999	8.8144	17,621
AUD	63	5.2099	329
			10,444,983
Accounts payable –			
USD	237,138	6.7744	1,606,467
HKD	49,007	0.8679	42,534
EUR	83,320	7.7496	645,695
AUD	8,929	5.2099	46,517
THB	2,532	5.0155	12,700
Others			709,653
			3,063,566
Other payables –			
USD	190,769	6.7744	1,292,347
HKD	13,687	0.8679	11,879
JPY	98,008	0.0605	5,928
EUR	8,211	7.7496	63,630
AUD	1,004	5.2099	5,233
THB	367	5.0155	1,840
Others			257,379
			1,638,236
Long-term borrowings –			
USD	3,267,834	6.7744	22,137,615
HKD	248,000	0.8679	215,244
Others			397,237
			22,750,096
Long-term payables –			
USD	29,264	6.7744	198,246

V. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combinations involving enterprises not under common control

There is no significant business combination involving enterprises not under common control for the current period.

2. Disposal of subsidiaries

There is no loss of control of subsidiaries by disposal of equity interest for the current period.

VI. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

All subsidiaries of the Group were established or acquired through combination not under common control. There is no acquisition of subsidiaries through combination under common control.

As at 30 June 2017, the numbers of companies included in the scope of consolidation added up to 621. Except for the important subsidiaries listed as below, the number of other subsidiaries held by the Group was 360, with paid-in capital amounting to 758,912,000.Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below 20 million or USD3 million. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination

( )

	Name	Category	Registration Place	Main Premises	Shareholding	Business scope	Share capital issued and information of bonds	Shareholding percentage (%) Direct	Shareholding percentage (%) Indirect
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Business entity	Shen Guang						

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
9	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture, repair and sales of container	USD20,000,000	–	100.00%
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD29,480,000	–	100.00%
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Business entity	Shanghai	Shanghai	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and Heat; Preservation car	USD31,000,000	72.00%	20.00%
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD10,000,000	–	71.00%
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture and sale of various container, semi-finished container product and relevant components product and relevant components and maintenance service	USD65,499,000	19.01%	80.99%
14	Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT)	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture and sale of various container, semi-finished container product and relevant components product and relevant components and maintenance service	USD35,000,000	–	70.79%
15	Dalian CIMC Railway Equipment Co., Ltd (DLCIMCS)	Business entity	Dalian, Liaoning	Dalian, Liaoning	Design, manufacture and sale of various railway freight equipment products	USD20,000,000	55.00%	45.00%
16	Nantong CIMC Large-sized Tank Co., Ltd.	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Design, production and sale of tanks and relevant parts; undertaking tank-related general contracting projects	USD47,700,000	–	70.79%
17	Shenzhen CIMC Special Vehicle Co., Ltd. (CIMCSV)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB200,000,000	–	63.33%

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
18	Qingdao CIMC Special Vehicle Co., Ltd. (QDSV)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Development, production and sales of various special-use vehicles, refitting trailer series as well as relevant components and parts	RMB62,880,000	44.34%	35.25%
19	Foshan CIMC logistics equipment Co., Ltd ("Foshan Logistics")	Business entity	Foshan, Guangdong	Foshan, Guangdong	Design, production, sale and maintenance of logistics and tooling equipment	RMB3,000,000	–	100.00%
20	Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Business entity	Shanghai	Shanghai	Development, construction, operation leasing, sales of warehousing and auxiliary facilities	RMB90,204,100	–	63.33%
21	Shenzhen CIMC Wood Co., Ltd. ("CIMC Wood")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Production and sales of floors for containers and related products; relevant service	RMB30,000,000	12.00%	88.00%
22	CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Business entity	Yingkou, Liaoning	Yingkou, Liaoning	Development and production of various special-use vehicles as well as components and parts; relevant service	RMB60,000,000	–	63.33%
23	Tianjin Port CIMC Zhenhua Logistics Co., Ltd. ("Tianjin Port CIMC")	Business entity	Tianjin	Tianjin	International and domestic freight agency			

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
26	Xinhui CIMC Composite Material Manufacture Co., LTD (XHCM)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	RMB129,000,000	–	63.33%
27	Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB137,930,000	–	63.33%
28	Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Business entity	Shanghai	Shanghai	Development and production of box trailer, box car as well as relevant mechanical products	RMB10,000,000	–	63.33%
29	CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Finance lease business; disposal and maintenance for residual value of leased property; advisory and war			

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
34	Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Business entity	Inner Mongolia	Inner Mongolia	Production and sales of various container wood floors and wood products for transport equipments	RMB259,520,000	–	100.00%
35	Jiaxing CIMC Wood Co., Ltd. (JXW)	Business entity	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD5,000,000	–	100.00%
36	Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD5,000,000	–	100.00%
37	Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Business entity	Ningbo, Zhejiang	Ningbo, Zhejiang	Goods traffic; goods package, sorting, examination and logistics advisory service	RMB30,000,000	–	100.00%
38	CIMC Shenfa Development Co., Ltd. (CIMC SD)	Business entity	Shanghai	Shanghai	Investment, construction and operation for infrastructure; real estate development and operation	RMB204,123,000	98.53%	1.47%
39	CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	Business entity	Urumqi, Xinjiang	Urumqi, Xinjiang	Production and sales of mechanical equipments as well as relevant technical development	RMB80,000,000	–	63.33%
40	CIMC Vehicle (Group) Co., Ltd. (HI)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD212,225,100	44.33%	19.00%
41	Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture of various container, semi-finished container product and relevant components and parts	USD39,184,100	–	100.00%
42	Tianjin CIMC Logistics Equipments Co., Ltd. (TJCIMCLE)	Business entity	Tianjin	Tianjin	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD10,000,000	–	83.50%

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
43	Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Business entity	Dalian, Liaoning	Dalian, Liaoning	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD14,000,000	–	100.00%
44	Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Business entity	Chongqing	Chongqing	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD8,000,000	75.00%	25.00%
45	Dalian CIMC Heavy Logistics Equipments Co., Ltd.(DLZH)	Business entity	Dalian, Liaoning	Dalian, Liaoning	International trade, entrepot trade; design, manufacture, sale, and relevant technical advisory of pressure vessel;	USD45,170,000	62.70%	37.30%
46	Shenzhen CIMC Intelligent Technology Co., Ltd. ("CIMC Tech")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Design, development, sale, surrogate of electron production software and system	RMB66,388,889	62.96%	9.04%
47	CIMC Taicang refrigeration equipment logistics Co., Ltd. (TCCRC)	Business entity	Taicang. Jiangsu	Taicang. Jiangsu	Research and development, production and sale of reefer container and special container	RMB450,000,000	–	100.00%
48	Hunan CIMC Bamboo Industry Development Co., Ltd. (HNW)	Business entity	Suining, d(Huf 0 Td[(Shen7v450,000,000)Tj0 Tc Td[(Suin1.412 (ufan)1(dong)1(reefer conta(ner and)1(industry)Tj1.112 -(woodment,)37and parts)Tj-0stem.8228Td(USD14,000	Shenzhen,	Shenzhen,			

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
51	CIMC Management and Training (Shenzhen) Co., Ltd. ("CIMC Training")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong				

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Name	Category	Registration Place	Main Premises

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
69	CIMC Container Holding Co., Ltd. ("Container Holding")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment and management and related investment business	RMB2,736,915,400	100.00%	–
70	Chengdu CIMC Logistics Equipments Co., Ltd. ("Chengdu Logistics Equipment")	Business entity	Chengdu, Sichuan	Chengdu, Sichuan	Chemical liquid tank truck and semi-trailer	RMB15,000,000	–	63.33%
71	Shanxi CIMC Vehicle Industry Garden ("Shanxi Vehicle Garden")	Business entity	Xianyang, Shanxi	Xianyang, Shanxi	Production and sales of various special vehicle	RMB80,000,000	–	63.33%
72	CIMC Holdings (B.V.I.) Limited ("CIMC BVI")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Equity investment, property investment and investment management	RMB150,000,000	–	100.00%
73	CIMC modular building design & Development Co. Ltd. ("Modular design")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Design modular building and decorations	RMB50,000,000	–	87.40%
74	CIMC Cold Chain Research Institute Co., Ltd. ("Cold Chain Research")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Standard shipping of refrigerated containers and special refrigerated containers	RMB50,000,000	–	100.00%
75	CIMC Cold Chain Investment Co. Ltd. ("Cold Chain Investment")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Property and project investments	RMB979,000,000	–	100.00%
76	Shenyang CIMC Industrial Park Investment and Development Co., Ltd. ("Shenyang Vehicle Garden")	Business entity	Shenyang, Liaoning	Shenyang, Liaoning	Investment management, asset trustee management	RMB50,000,000	–	63.33%
77	Shenzhen Tianda CIMC Logistics System Engineering Co Ltd ("Tianda Logistics")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Automatic logistics system engineering,real-time logistics management system	RMB60,000,000	–	54.70%

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
78	Dongguan Cimc Innovation Industrial Park Development Co., Ltd. ("Dongguan innovation park")	Business entity	Dongguan,					

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
87	Qingdao CIMC Innovation Industrial Park Development Co. Ltd. ("Qingdao Creative Industry Park")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Development and management of real estate and property; advisory service for real estate and investment	RMB10,000,000	–	82.00%
88	Anhui United Feicai Vehicle Co., Ltd. ("United Feicai")	Business entity	Xuancheng, Anhui	Xuancheng, Anhui	Production and sales of various special-use vehicles and engineering machinery	RMB158,000,000	–	66.24%
89	Zhenghua (Tianjin) Container Service Co., Ltd. ("Zhenghua Container Service")	Business entity	Tianjin	Tianjin	Domestic and international freight transport agents, and relevant advisory service	RMB85,761,300	–	75.00%
90	Kunshan CIMC Automatic logistic equipment Co., Ltd. ("Kunshan CIMC")	Business entity	Kunshan, Jiangsu	Kunshan, Jiangsu	Automatic logistics system,and air cargo handling system	RMB80,000,000	–	54.70%
91	CIMC Tianda(Longyan) Investment Development Co., Ltd.	Business entity	Longyan, Fujian	Longyan, Fujian	The parking lot investment, asset management and real estate development business	RMB20,000,000	–	32.82%
92	Albert Ziegler GmbH (Beijing) Sales Co., Ltd. ("Ziegler")	Business entity	Beijing	Beijing	Fire trucks, rescue vehicles and relevant accessories, machinery equipment import-export business and relevant agent business	EUR1,500,000	–	60.00%
93	Shenzhen CIMC Yuanwang Valley Intelligent Technology Co., LTD ("Shenzhen Yuanwang valley")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Automatic identification products, radio frequency identification systems and products and relevant advisory business	RMB10,000,000	–	54.72%
94	Shenzhen CIMC Electricity Commerce and Logistics Technology Co., LTD	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	The development of electric commerce platform and domestic trade	RMB137,844,600	–	50.78%
95	Nantong CIMC Sanctum Cryogenic Equipment Co., Ltd ("Sanctum Nantong")	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture and sales of cryogenic equipment and chemical metallurgy equipment, etc.	RMB20,000,000	–	70.73%

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
96	Dongguan CIMC Special Vehicle Co., Ltd. ("Dongguan CIMC Special Vehicle")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB200,000,000	–	63.33%
97	Guangdong CIMC Vehicle Industry Garden ("Guandong Vehicle Industry Garden")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Project investment, real estate development, rental and sales of houses and sites	RMB30,000,000	100%	–
98	Zhenhua (Tianjin) supply chain management co., LTD ("Zhenhua supply chain management")	Business entity	Tianjin	Tianjin	Warehouse service; Logistic Distribution and loading, unloading, handling services	RMB79,475,000	–	75.00%
99	CIMC Technology Co., LTD ("Jiangmen CIMC technology")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Intelligent equipment technology development Industrial investment	RMB50,000,000	–	100.00%
100	Shenzhen CIMC Vehicle Park Investment Management Co., Ltd. ("Shenzhen Vehicle Park")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment management, assets fiduciary management	RMB152,500,000	–	63.33%
101	CIMC Modern Logistic Development Co., Ltd. ("Modern Logistic")	Business entity	Tianjin	Tianjin	International and domestic freight transport agents,general and CIQ affairs	RMB1,049,226,700	100.00%	–
102	Dongguan Southern CIMC Logistic Equipment Manufacturing Co., Ltd. ("Dongguan Southern CIMC")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Manufacture and repair container and containers stacking storage operation	RMB600,000,000	–	100.00%
103	Ningbo CIMC Container Manufacture Co., Ltd. ("Ningbo Container Manufacture")	Business entity	Ningbo	Ningbo	Manufacture, production and sales of containers	RMB500,000,000	–	100.00%
104	Shenzhen CIMC Peng Feng Venture Investment Co., LTD ("Peng Feng Venture Investment")	Business entity	Shenzhen	Shenzhen	Equity investment	RMB50,000,000	–	100.00%

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
105	Shenzhen Three HuaZhuoYue investment Co., LTD ("Shenzhen Three HuaZhuoYue")	Business entity	Shenzhen	Shenzhen	Investment holding	RMB30,000,000	–	66.24%
106	Guangdong Hui Zhong Da Laser equipment co., LTD ("Guangdong Laser Equipment")	Business entity	Jiangmen	Jiangmen	Manufacture of laser equipment	RMB31,800,000	19.01%	80.99%
107	Yangzhou CIMC Hongyu Real Estate Co., Ltd. ("Yangzhou Hongyu Real Estate")	Business entity	Yangzhou	Yangzhou	Real estate development; sales and lease of properties investment in properties	RMB25,000,000	–	82.00%
108	Yangzhou CIMC Dayu Real Estate Co., Ltd. ("Yangzhou Dayu Real Estate")	Business entity	Yangzhou	Yangzhou	Real estate development; sales and lease of properties	RMB25,000,000	–	82.00%
109	Yangzhou CIMC Huayu Hotel Investment Co., Ltd. ("Yangzhou Huayu Hotel")	Business entity	Yangzhou	Yangzhou	Food and beverage service, corporate management; advisory and investment management	RMB35,000,000	–	82.00%
110	Taicang CIMC Special Logistics Equipment Co. Ltd. (Taicang Special Equipment)	Business entity	Taicang, jiangsu	Taicang, jiangsu	Production and manufacture of special container equipment	USD20,000,000	50.00%	50.00%
111	Zhengzhou Constant Embellish `Energy Co., LTD ("Zhengzhou Constant Energy")	Business entity	Zhengzhou	Zhengzhou	Asset management	RMB43,000,000	–	66.00%
112	CIMC Enric Investment Holdings (Shenzhen) Ltd. ("Enric Shenzhen investment holding")	Business entity	Shenzhen	Shenzhen	Investment holding	USD80,000,000	–	70.73%
113	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. ("Sanctum Cryogenic")	Business entity	Zhangjiagang	Zhangjiagang	Manufacture, process and sales of cryogenic equipment, petroleum chemical equipment mental products and relevant parts; related advisory service	RMB30,000,000	–	63.66%

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information
					iholdingTw 1.442 -1.4412 Td[issued andpri/ntage-0.01(%) Tw -E

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
						Direct	Indirect

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
137	Charm Ray Holdings Limited ("Charm Ray")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD10,000	–	70.73%
138	Charm Beat Enterprises Limited ("Charm Beat")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	–	63.33%
139	Sharp Vision Holdings Limited ("Sharp Vision")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1	–	100.00%
140	Sound Winner Holdings Limited ("Sound Winner")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	–	70.73%
141	Grow Rapid Limited ("Grow Rapid")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1	–	100.00%
142	Powerlead Holding Ltd. ("Powerlead")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD10	–	100.00%
143	Cooperatie Vela U.A.	Business entity	Holland	Holland	Investment holding	EUR75,000,000	–	70.73%
144	Vela Holding B.V.	Business entity	Holland	Holland	Investment holding	EUR90,000	–	70.73%
145	CIMC Financial Leasing (HK) Co Ltd.	Business entity	Hong Kong, China	Hong Kong, China	Financial Leasing	HKD500,000	–	100.00%
146	CIMC Offshore Holdings Limited ("CIMC Offshore")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2,234,855,000	–	100.00%
147	Cooperatie CIMC U.A. ("COOP")	Business entity	Holland	Holland	Investment holding	EUR25,500,000	99.00%	1.00%
148	North Sea Rigs Holdings ("NSR")	Business entity	British Virgin Islands	British Virgin Islands	Financial leasing project company	USD6,000	–	91.50%

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Name	Category

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Name	Category	Registration Place	Main Pre2istration

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(2) The Group does not have subsidiaries obtained through combination under common control

(3) Subsidiaries acquired through combinations under non-common control

( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
1	Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Business entity	Luoyang, Henan	Luoyang, Henan	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB122,745,700	–	45.26%
2	Wuhu CIMC Ruijiang Automobile CO LTD (WHVS)	Business entity	Wuhu, Anhui	Wuhu, Anhui	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB161,786,100	–	45.76%
3	Liangshan Dongyue Vehicle Co., Ltd. (LSDYV)	Business entity	Liangshan, Shandong	Liangshan, Shandong	Production and sales of mixing truck, special vehicle and components and parts	RMB90,000,000	–	44.39%
4	Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture and repair of container,processing and manufacture of various mechanical parts, structures and equipment	USD27,840,000	–	100.00%
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd. (QDCRC)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing maintenance service	USD86,846,680	–	100.00%
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Business entity	Tianjin	Tianjin	Manufacture and sales of container, vehicles and ships After-sales service of containers	USD15,469,300	47.50%	52.50%
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant	USD28,500,000	–	94.74%
8	CIMC Vehicle (Group) (Shandong) Co. Ltd. (KGR)	Business entity	Zhangqiu, Shandong	Zhangqiu, Shandong	Development and manufacture of special cars and other series products	USD18,930,100	–	55.10%

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
17	Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric")	Business entity	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Manufacturing pressure vessel	USD32,000,000	–	70.73%
18	Enric (Lang fang) Energy Equipment integration Co., Ltd. ("Langfang Enric")	Business entity	Langfang, Hebei	Langfang, Hebei	Manufacturing and exploiting Energy Equipment integration	HKD115,000,000	–	70.73%
19	Enric (Beijing) Energy Technology Co., Ltd. ("Beijing Enric")	Business entity	Beijing	Beijing	Manufacturing and exploiting Energy Equipment integration	HKD40,000,000	–	70.73%
20	CIMC Enric (Jingmen) Energy Equipment	Business entity	Jingmen, Hubei	Jingmen, Hubei	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	HKD50,000,000	–	70.73%
21	Jingmen Hongtu Special Aircraft manufacturing Co., Ltd ("Jingmen Hongtu")	Business entity	Jingmen, Hubei	Jingmen, Hubei	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialised motor vehicles tanks and pressure vessel	RMB100,000,000	–	56.58%
22	Ningguo CIMC Wood Co., Ltd. (NGCIMCW)	Business entity	Ningguo, Anhui	Ningguo, Anhui	Production and sales of plywood floors decorative floors and related bamboo and wood products; wood purchase for production	RMB9,884,600	–	60.00%
23	Yantai CIMC Raffles offshore Ltd. (YCRO)	Business entity	Yantai, Shandong	Yantai, Shandong	Construction of dock; Designation,production of ship; production of equipment of pressure and offshore oil platform	RMB2,291,190,000	–	97.89%

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%) Direct	Indirect
24	Yantai CIMC Raffles ship Co., Ltd (YCRS)	Business entity	Yantai, Shandong	Yantai, Shandong	Construction of ship as well as component;sales of container and offshore oil platform channel and steel production	RMB125,980,000	–	83.47%
25	Haiyang CIMC Raffles offshore Ltd. (HCRO)	Business entity	Haiyang, Shandong	Haiyang, Shandong	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB200,000,000	–	97.89%
26	Longkou CIMC Raffles offshore engineering Co., Ltd (LCRO)	Business entity	Longkou, Shandong	Longkou, Shandong	Construction of offshore project and supplement	RMB290,000,000	–	97.89%
27	Shandong Master Special Vehicle Manufacturing Co., Ltd (SDMV)	Business entity	Jining, Shandong	Jining, Shandong	Manufacture and sales of mixing truck,special vehicle and components and parts	RMB66,000,000	–	44.39%
28	Xinfa Airport Equipment Ltd. ("Xinfa Airport")	Business entity	Beijing	Beijing	Manufacture and sales of airport shuttle buses	RMB25,000,000	–	38.29%
29	Yangjiang Shangdong Furi Real Estate Co., Ltd. (YJFR)	Business entity	Yangjiang, Guangdong	Yangjiang, Guangdong	Real estate development and operation planning and consulting,sale of construction materials and inner house decoration	RMB10,000,000	–	49.20%
30	Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("Yangzi Petrochemical")	Business entity	Nanjing, Jiangsu	Nanjing, Jiangsu	Project related to petrochemical industry	RMB88,000,000	–	70.73%

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
31	Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Business entity	Tianjin	Tianjin				

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
40	Zhenhua Dongjiang (Tianjin) Co., Ltd. ("Zhenhua Dongjiang (Tianjin)")	Business entity	Tianjin	Tianjin	Common and special freight transport	RMB50,000,000	–	75.00%
41	Tianjin Zhenhua International Trade Bonded Warehousing ("Tianjin Zhenhua Trade Bonded")	Business entity	Tianjin	Tianjin	Cargo transport agency services	RMB5,628,800	–	75.00%
42	Brigantine Services (Shenzhen) Co., Ltd. ("Shenzhen Brigantine")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Provides a container and ship repair services and related technical	HKD7,500,000	–	70.00%
43	Brigantine Services (Shanghai) Co., Ltd. ("Shanghai Brigantine")	Business entity	Shanghai	Shanghai	Container ship and its parts, mechanical repair, maintenance services	USD513,000	–	70.00%
44	Tianjin port free trade zone Kaichang oil marb 66.9(y.89ns35/r(1d(GuangdoeS18435/e[(ang)]TJD(.412 Td[hai Briganded"))]TJ0.026 Tw 17.23 2.824 Td(Business entity)Tj-0.006 Tw 8.337 0 Td[(T)18(ianjin)]TJ8.337 0 Td[(T)18(ianjin)]TJ0.026 TwSalganof petroleum producip ar	Tianjin						

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

Name	Category	Registration Place	Main Premises	
RuiJi Lo.412iTf(Wuhu) Co., Ltd (WHRJL)	truck special-use vehicles, engd(ering)TJ.5 93Td(Re1ET65 2.824Tj0 -MB1,100,000,000(Re12.14			
Premi2 Td(Reg/ntitytion.5 931siness scoeSY.4[Wuhu,)37(Anhui)]Tss scoeSY.4[Wuhu,)37(Anhui)]J)(B)T043ss sc	Manufacture and sale of agricultur0 1vehicles agricultur0 1machd(Td and)TJ. i8 337 1 [r)18(el		Henan,	

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%) Direct	Indirect
56	CIMC Rolling Stock Australia Pty Ltd. ("CIMC Aus")	Business entity	Australia	Australia	Sales of vehicles	AUD50,000	–	63.33%
57	Enric Energy Equipment Holdings Limited ("Enric")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD1,936,838,008 HKD0.01 per share	–	70.73%
58	Burg Industries B.V.	Business entity	Holland	Holland	Investment holding	EUR841,267	–	100.00%
59	CIMC ENRIC Tank and Process B.V.	Business entity	Holland	Holland	Investment holding	EUR20,000,000	–	70.73%
60	Ziemann Holvrieka B.V.	Business entity	Holland	Holland	Sales of tank equipment	EUR136,200	–	70.73%
61	Ziemann Holvrieka International B.V.	Business entity	Holland	Holland	Production, assembly and sale of tank equipment	CIMC Aus")		

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(3) Subsidiaries acquired through combinations under non-common control (Continued)

( ) ( )

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
68	Burg Service B.V.	Business entity	Holland	Holland	Assembly and repair of road transport vehicle and tank equipment	EUR150,000	–	70.73%
69	LAG Trailers N.V.	Business entity	Belgium	Belgium	Manufacturing trailer	EUR3,245,000	–	63.33%
70	Ziemann Holvrieka N.V.	Business entity	Belgium	Belgium	Production tank equipment	EUR991,600	–	70.79%
71	Imm oburg N.V. Bree	Business entity	Belgium	Belgium	Production of road transport vehicles	EUR248,000	–	63.33%
72	Ziemann Holvrieka A/S	Business entity	Denmark	Denmark	Production tank equipment	DKK1,000,000	–	70.73%
73	Direct Chassis LLC ("DCEC")	Business entity	USA	USA	Manufacturing and sales of special vehicles	USD10,000,000	–	63.33%
74	CIMC TGE Gas Investments SA ("TGESA")	Business entity	Luxembourg	Luxembourg	Investment holding	EUR50,000	–	60.00%
75	TGE Gas Engineering GmbH ("TGE Gas")	Business entity	Germany	Germany	Provide EP+CS (Design, Purchase and Construction Supervision) or other technical project services in LNG, LPG and storage and disposal of other	EUR1,000,000	–	60.00%
76	CIMC Raffles Offshore (Singapore) Limited ("Raffles")	Business entity	Singapore	Singapore	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi- submersible drilling Platforms, FPSOs, FSOs	SGD594,416,915 and USD303,122,013	–	100.00%

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
77	CIMC Raffles Investments Limited	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2	–	100.00%
78	CIMC Raffles Leasing Pte. Ltd.	Business entity	Singapore	Singapore	Leasing of marine ship	SGD2	–	100.00%
79	Caspian Driller Pte. Ltd.	Business entity	Singapore	Singapore	Leasing of marine ship	USD30,000,000	–	100.00%
80	Technodyne International Limited ("Technodyne")	Business entity	United Kingdom	United Kingdom	Research and development of energy equipment	GBP100	–	60.00%
81	Gadidae AB.	Business entity	Sweden	Sweden	Investment holding	SEK1,000,000	–	100.00%
82	Perfect Victor Investments Limited ("Perfect Victor")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	USD1	–	100.00%
83	Ziemann International GmbH ("Ziemann Group")	Business entity	Germany	Germany	Design, production and sales of beer fermentation machine	EUR16,000,000	–	70.73%
84	Albert Ziegler GmbH ("Ziegler")	Business entity	Germany	Germany	Designation of Marine engineering	EUR13,543,000	–	60.00%
85	Bassoe Technology AB ("Bassoe")	Business entity	Sweden	Sweden	Designation of Marine engineering	SEK1,000,000	–	90.00%
86	CIMC MBS LIMITED ("CML")	Business entity	United Kingdom	United Kingdom	Module supply	GBP3,884,303	–	100.00%
87	Zhenhua logistics (Hong Kong) Co., Ltd. ("Zhenhua Hong Kong")	Business entity	Hong Kong, China	Hong Kong, China	Logistics	USD6,600,000	–	75.00%

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	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
88	CIMC Australia Road Transport Equipment Pty Ltd ("CARTE")	Business entity	Australia	Australia	Investment holding	AUD8,300,000	–	63.33%
89	Brigantine International Holdings Limited ("Brigantine International Holdings")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD10,000,000	–	70.00%
90	Brigantine Services Limited ("Hong Kong Brigantine Services")	Business entity	Hong Kong, China	Hong Kong, China	Container repair and renovation, container trade	HKD5,000,000	–	70.00%
91	Pteris Global Ltd	Business entity	Singapore	Singapore	Investment holding	SGD322,947,152	–	78.14%
92	Verbus International Limited ("VIL")	Business entity	United Kingdom	United Kingdom	Investment holding	GBP1,108	–	100.00%
93	CIMC Developments Limited ("CDL")	Business entity	United Kingdom	United Kingdom	Project total package	GBP1	–	100.00%
94	Verbus Systems Ltd ("VSL")	Business entity	United Kingdom	United Kingdom	Module supply	GBP1	–	100.00%
95	Briggs Group Limited	Business entity	United Kingdom	United Kingdom	Beer, distillation, pharmaceutical, yeast, biofuels and other industries engineering design and some key equipment	GBP3,385,000	–	70.73%
96	Retlan Manufacturing Limited	Business entity	United Kingdom	United Kingdom	Production semi-trailer	692,041 ordinary £ 1 shares	–	63.33%

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(4) There is no significant partial disposal of subsidiary equity in current period (not losing control).

(5) There is no acquisition of significant minority interests in the current period.

2. Equity in associates and joint ventures

(1) Basic information of major associates and joint ventures

	Main Premises	Registration Place	Nature of business	Strategic for the group or not	Shareholding ratio-Direct	Shareholding ratio-Indirect
Joint ventures –						
NKY Zhenhua	Tianjin	Tianjin	Logistics support business	No	–	38.25%
Y&C Engine	Wuhu, Anhui	Wuhu, Anhui	Manufacture and sales of heavy-duty engines and components and parts	Yes	–	33.12%
Associates –						
LiHua Energy	Bazhou,Hebei	Bazhou,Hebei	Gas warehousing and transportation business	No	–	15.58%
Shanghai Fengyang	Shanghai	Shanghai	Real estate development	Yes	–	40.00%
TSC	Houston(USA)	Cayman Islands	Land and sea drilling platform business	Yes	–	13.42%
Jiahua Shipping	Hong Kong	Hong Kong	Logistics support business	No	–	30.00%
China fire safety	Chengdu	Cayman Islands	Fire equipment	Yes	–	30.00%
Shouzhong Investment	Beijing	Beijing	Investment management	No	–	45.00%

The equity mentioned above is measured by equity method.

(2) Excess deficit of major associates and joint ventures

There is no excess deficit of associates or joint ventures in the period.

VII. EQUITY OF THE STRUCTURED BODY NOT INCLUDED IN THE CONSOLIDATION RANGE OF THE CONSOLIDATED FINANCIAL STATEMENTS

There is no equity of the structured body not included in the consolidation range of the consolidated financial statements.

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. The company does not have any holding company.

2. For the information on the subsidiaries of the company, refer to Note VI.1.

3. For the information about the joint ventures and associates of the Company, refer to Note VI.2.

In addition to the important the joint ventures and associates have been disclosed in to Note VI, the rest of joint ventures and associates are as follows:

	Main place of business	Registered Address	The nature of the business	The group activity is strategic	Shareholding percentage – direct	Shareholding percentage – indirect
Joint ventures -						
Guangxi Southern Logistic	Nanning	Nanning	Logistics service	No	–	50.00%
'K'Line Zhenhua Logistics	Tianjin	Tianjin	Logistics service	No	–	38.25%
Qingdao Jiefeng Brigantine	Qingdao	Qingdao	Container maintenance service	No	–	35.00%
Shanghai Weide Brigantine	Shanghai	Shanghai	Container maintenance service	No	–	35.00%
Tianjin Jinshi Brigantine	Tianjin	Tianjin	Container maintenance service	No	–	35.00%
Associates -						
Xuzhou Wood	Xuzhou	Xuzhou	Wood	No	–	35.00%
Run Yu Real Estate	Zhenjiang	Zhenjiang	Real estate	No	–	16.40%
Qingchen Bamboo	Fujian	Fujian	Bamboo wood	No	–	30.00%
Xinyang Wood Industry	Hong Kong	Hong Kong	Wood	No	–	20.00%
Shanghai Shenyi	Shanghai	Shanghai	Auto parts	No	–	15.83%
Zhejiang Xinlong Bamboo	Zhejiang	Zhejiang	Bamboo wood	No	–	30.00%
Dalian Jilong Logistics	Dalian	Dalian	Logistics service	No	–	30.00%
Tianjin Sunlon Dongjiang Animal Husbandry	Tianjin	Tianjin	Animal husbandry	No	–	39.22%
Xiamen CIMC	Xiamen	Xiamen	Container service	No	–	45.00%
Ningbo Beilun	Ningbo	Ningbo	Container service	No	–	21.00%

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Information of other related parties

Company name	Relationship with the Group
SUMITOMO CORPORATION	Minority shareholder of subsidiary
Shanxi Heavy Duty Automobile	Minority shareholder of subsidiary
Orient International	Subsidiary of significant shareholder
FML	Subsidiary of significant shareholder
Gasfin	Minority shareholder of subsidiary
Asahi Trading Co., Ltd	Minority shareholder of subsidiary
Shunde Furi	Minority shareholder of subsidiary
China Merchants Shekou Industrial Zone Holdings Co., Ltd.	Subsidiary of significant shareholder
Florens Container Corporation S.A.	Subsidiary of significant shareholder
China COSCO Shipping Corporation Limited	Significant Shareholder
Florens Container Services Ltd.	Subsidiary of significant shareholder

Note: Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

VIII.

Name			For the Period from Amount	from 1 January to 30 June 2016 Amount
Sales of goods	**93,174**	38,242		
63,809 66,874				
Rendering of services	**20,078**	10,352		

(3) Financing

Interest income

Note					
Financing received					
	45,571	19 September 2008	Repayment date not fixed	522	
				Shunde Furi	27,215
					72,786
				Financing provided	
					503,568 25

VIII.

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

( )

Directors' and key management personnel's emoluments for the period ended 30 June 2017 are as follows:

			Emoluments for other management service of the Company or subsidiaries					
Name		Remuneration	Salary and allowance	Pension	Bonus	Entry Bonus	Housing allowance	Others	Total
Directors									
Wang Hong		-	-	-	-	-	-	-	-
Wang Yuhang		-	-	-	-	-	-	-	-
Mai Boliang		-	1,350	42	-	-	-	223	1,615
Wang Zhixian		-	-	-	-	-	-	-	-
Liu Chong		-	-	-	-	-	-	-	-
Pan Chengwei		100	-	-	-	-	-	-	100
Wang Guixun		100	-	-	-	-	-	-	100
Pan Zhengqi		100	-	-	-	-	-	-	100
Total		300	1,350	42	-	-	-	223	1,915
Supervisors									
Xiong Bo		-	86	21	-	-	-	6	113
Lin Liuwu	Note (i)	-	-	-	-	-	-	-	-
Zhang Mingwen		-	-	-	-	-	-	-	-
Lv Shengzhou	Note (i)	-	-	-	-	-	-	-	-
Total		-	86	21	-	-	-	6	113
Other Senior Executives									
Wu Fapei		-	661	55	-	-	-	16	732
Li Yinhui		-	401	54	-	-	-	16	471
Liu Xuebin		-	688	55	-	-	-	16	759
Zhang Baoqing		-	661	-	-	-	-	-	661
Yu Ya		-	375	-	-	-	-	-	375
Gao Xiang		-	718	45	-	-	-	11	774
Jin Jianlong	Note (ii)	-	330	-	-	-	-	-	330
Zeng Han	Note (ii)	-	170	22	-	-	-	8	200
Yang Rong		-	568	48	-	-	-	16	632
Yu Yuqun		-	660	42	-	-	-	16	718
Sub-total		-	5,232	321	-	-	-	99	5,652
Total		300	6,668	384	-	-	-	328	7,680

Note (i): As at 20 December 2016, approved by 2016 first extraordinary general meeting, Mr. Lin Liuwu resigned due to job alteration while Mr. Lv Shengzhou was appointed as the supervisor on behalf of shareholders for the company's eighth board of supervisors.As e 7i)::

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

( )

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

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Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

IX. SHARE-BASED PAYMENTS

1. Information about share-based payments

Total equity instruments granted during the year	The total number of share options granted by the Company and Enric was 0 this period.
Total equity instruments exercised during the year	The number of exercised share options granted by the Company and Enric were 1,776,000 and 1,676,000 respectively this period.
Total equity instruments forfeited during the year	The Company has no ineffective or obsolete equity instruments and the number of share options forfeited in Enric was 294,000 this period.
The exercise price of outstanding share options at the end of the year and residual life of the share options contracts	1. Equity-settled share options granted by Enric in 2009,2011 and 2014: HKD4, HKD2.48 and HKD11.24 per share respectively, the residual life of contract is 2.30, 4.32 and 6.93 years respectively; 2. Equity-settled share options granted by the Company in 2010 and 2011: RMB10.49 (after adjustment) and RMB16.02 per share respectively (after adjustment), the residual life of contracts is both 3.24 years.
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts	Nil

Expenses recognised for the period arising from share-based payments are as follows

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Equity-settled share-based payment	**9,583**	19,889

IX. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment

(1) Information on equity-settled share-based payment of Enric

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan I"), which was approved by the shareholders' meeting on 11 November 2009. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 43,750,000, with the exercise price of HKD4 per share.

Enric carried out another share options plan (the "Plan II"), which was approved by the shareholders' meeting on 28 October 2011. According to Plan II, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after one year from the date of grant and, 70% exercisable after 2 years from the date of grant, and then 100% exercisable after 3 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,200,000, with exercise price of HKD2.48 per share.

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan III"), which was approved by the shareholders' meeting on 5 June 2014. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after two years from the date of grant, 70% exercisable after three years from the date of grant and 100% exercisable after four years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,420,000, with the exercise price of HKD11.24 per share.

Movement of share options of Enric:

	30 June 2017 '000	31 December 2016 '000
Beginning balance	**83,572**	86,599
Granted in current period	**–**	–
Exercised in current period	**(1,676)**	(1,211)
Cancelled in current period	**(162)**	(1,776)
Forfeited in current period	**(132)**	(40)
Ending balance	**81,602**	83,572

IX. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(2) Information on equity-settled share-based payment of the Company

A share options scheme (the "Scheme") was approved in the shareholders' meeting of the Company held on 28 September 2010. According to the Scheme, the board of directors of the Company was authorised to grant share potions to the key management personnel and other employees to subscribe for the shares of the Company. The effective period of the Scheme is ten years from the first grant date of share options. The options are exercisable in two periods. The options are 25% exercisable from the first transaction date after 24 months since the grant date to the last transaction date after 48 months since grant date. The remaining 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme. Each option gives the holder the right to subscribe for one ordinary share in the Company. In addition, the holder must simultaneously satisfactory all the condition as follows:

(a) The holder should pass the previous year's evaluation.

(b) The increase of net profit attributable to ordinary shareholders of the Company after deducting nonrecurring profit or loss should not be lower than the 6% and the average return on net assets after deducting non-recurring profit or loss should not be lower than 10% for the previous year of the exercise date.

(c) During the waiting period, the net profit attributable to ordinary shareholders of the Company and the net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss should not be lower than the average figures of the three fiscal years before the grant day or negative.

The total number of share options granted was 60,000,000, 54,000,000 among which were for the initial grant with exercise price of 12.39 per share while the remaining 6,000,000 options were for reservation.

The Company distributed a cash dividend of 0.35 per share, 0.46 per share, 0.23 per share, 0.27, 0.31 per share, 0.22 per share and 0.06 per share as at 31 May 2011, 21 June 2012, 28 June 2013, 27 June 2014, 29 July 2015, 20 July 2016 and 20 July 2017 respectively to ordinary shareholders. In accordance with the Scheme, upon the implementation of the annual dividend distribution plan for 2010, 2011, 2012, 2013, 2014, 2015 and 2016, the Board of Directors adjusted the exercise price of the aforementioned 54,000,000 share options granted on 28 September 2010. After the adjustment, the exercise price is 10.49 per share.

According to the resolution approved by the shareholders' meeting on 22 September 2011, the aforementioned 6,000,000 share options for reservation in the Scheme on 28 September 2010 were granted with exercise price of 17.57 per share. With the implementation of annual dividend distribution plan for 2011, 2012, 2013, 2014,2015 and 2016 to ordinary shareholders with cash dividend of 0.46, 0.23, 0.27, 0.31,0.22 and 0.06 respectively, the exercise price for the reserved share options was adjusted to 16.02 per share.

IX. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(2) Information on equity-settled share-based payment of the Company (Continued)

Movement of share options of the Company:

	30 June 2017 '000	31 December 2016 '000
Beginning balance	**25,229**	25,986
Exercised in current period	**(1,776)**	(757)
Cancelled in current period	**–**	–
Forfeited in current period	**–**	–
Ending balance	**23,453**	25,229

(3) Basis of the best estimate of the number of equity instruments expected to vest is as follows:

At each balance sheet date during the vesting period, the Company makes the best estimation according to the latest information of the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the estimate shall be equal to the number of equity instruments that ultimately vested.

There was no significant difference of estimation between current period and last year.

As at 30 June 2017, Accumulated amount recognised in capital reserve for equity-settled share-based payments	**414,679**
Total expenses recognised for equity-settled share-based payments for current period Including:	
– attributed to the Company	**–**
– attributed to Enric	**9,583**
	9,583

X. CONTINGENCIES (CONTINUED)

3. Notes payable issued but not accounted for, outstanding letter of credit issued but undue and outstanding performance guarantees

The Group does not recognise 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 30 June 2017, the Group had bills issued but not accounted for RMB330,227,000 and outstanding letters of credit RMB88,443,000, totalling RMB418,670,000 (31 December 2016: RMB1,143,013,000).

As at 30 June 2017, the Company had outstanding balance of guarantees for its subsidiaries RMB915,000,000 and USD20,000,000 (equivalent to RMB135,501,000) respectively, totaling RMB1,050,501,000.

As at 30 June 2017, CMIC Raffles had outstanding balance of guarantees issued by relevant banks totalling USD53,753,000 (equivalent to RMB364,183,000), of which the balance of advance payment guarantees, and quality guarantees were USD32,000,000 (equivalent to RMB216,802,000), USD21,753,000 (equivalent to RMB147,381,000) respectively (31 December 2016: RMB905,730,000).

As at 30 June 2017, CIMC Enric had outstanding balance of guarantees issued by relevant banks totalling RMB698,752,000 of which the balance of performance and advance payment guarantees were RMB342,096,000, the balance of advance prepayment guarantees were RMB356,656,000 (31 December 2016: RMB779,018,000,).

As at 30 June 2017, TLC, the subsidiary of the group, had outstanding balance of guarantees issued by relevant banks totalling USD115,000 (equivalent to RMB799, 000). (31 December 2016: RMB2, 844,000).

As at 30 June 2017, QDCRC, the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling RMB32,537,000 (31 December 2016: RMB10,478,000).

As at 30 June 2017, TAS had outstanding balance of guarantees issued by relevant banks totalling 684,748,000, of which the balance of performance guarantees, quality guarantees, bid guarantees, payment guarantees were RMB375,133,000, RMB20,540,000, RMB32,669,000 and RMB256,406,000 respectively (31 December 2016: RMB682,818,000).

As at 30 June 2017, CIMC Finance Company, the subsidiary of the Group, had outstanding balance of guarantees for the subsidiary of the Group, of which the balance of performance guarantees, quality guarantees, margin guarantees and payment guarantees were RMB23,493,000, RMB1,593,000, RMB5,600,000 and RMB9,000,000 respectively, totaling RMB39,916,000 (31 December 2016: RMB28,396,000).

As at 30 June 2017, Zhenhua Logistics Group, the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling RMB12,970,000 (31 December 2016: RMB42,125,000).

X. CONTINGENCIES (CONTINUED)

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

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

XII. EVENTS AFTER THE BALANCE SHEET DATE

1. On 5 July 2017, EIHL (Shenzhen) entered into the relevant agreement with SOE and SOE Bankruptcy and Liquidation Team (南通太平洋破產清算組) to propose to purchase the major assets of SOE through acquiring the entire equity interests in SOE. On 4 August 2017, the SOE Restructuring Plan was approved at the creditors' meeting of SOE and approved by the court. On 16 August 2017, SOE has become an indirect wholly-owned subsidiary of CIMC Enric and an indirect non-wholly-owned subsidiary of the Group. SOE has renamed as "南通中集太平洋海洋工程有限公司" (Nantong CIMC SinoPacific Offshore & Engineering Co., Ltd.). For relevant information, please refer to the announcements dated 6 July 2017, 4 August 2017 and 16 August 2017 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo. com.cn), the Company's website (www.cimc.com) (Notice No.: [CIMC]2017-036, [CIMC]2017-047 and [CIMC]2017-054) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

2. On 17 July 2017, CIMC Skyspace Real Estate and CGRE entered into a capital increase agreement, pursuant to which CGRE injected an amount of RMB926,322,300 into the capital of CIMC Skyspace Real Estate and held as to 25% of its equity after the completion while the Company held 61.5% equity interest in CIMC Skyspace Real Estate though CIMC Shenfa. For relevant information, please refer to the announcements dated 17 July 2017 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo. com.cn), the Company's website (www.cimc.com) (Notice No.: [CIMC] 2017-040) and the website of the Hong KCite (ws.hk).

XIII. SEGMENT REPORTING

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, nine reportable segments are identified by the Group including: Containers, Road transportation vehicles, Energy and chemistry & food equipment, Offshore business, Airport facilities, Logistic services, Finance, Property development and Heavy trucks. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

1. Segment profits, losses, assets and liabilities

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

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are exclude.

Segment profit represents revenue (including external revenue and inter-segment revenue), offsetting segment expenses, depreciation and amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms.

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

XIII. SEGMENT REPORTING (CONTINUED)

1. Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(loss), assets and liabilities is set out as follows:

Road 9TJ-4.826 -1.667 Td(tran)0.5(sportatio)0.5(n 9TJ3.23 -1.667 Td(vehic)0.5(le79TJ0.029 Tw 7.861 5 Td(Ena))0.5(gy an)0.5(d 9TJ-0.426 -1.667 Td(chem)0.5(istry & 9TJ-0.02 Tw 3.85 -1.667 Td(food)0.5(9TJ-3.188 -1.667 Td(equi)0.5(pment9TJ

Containa

XIII. SEGMENT REPORTING (CONTINUED)

1. Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(loss), assets and liabilities is set out as follows: (Continued)

	Road	Containers

XIII. SEGMENT REPORTING (CONTINUED)

2. Geographic information

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

1. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, receivables, debt investments and derivative financial instruments entered into for hedging purposes and etc. Exposure to these credit risks are monitored by management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the external ratings of the customers and their bank credit records where available and previous payment records (if available). Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers, but earnest or prepayment money is requested sometimes due to the customer's situation.

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

2. Liquidity risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its short-term and long-term liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities.

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on prevailing interest rates at 30 June) and the earliest date the Group can b.026 Tw .tt date the Group can b thated:0 -1.E/Perceptu0.02QBT/18435 2 41671 1817 Tm3arl0.18re240.

receivables	**28,068,602**	–	

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

2. Liquidity risk (Continued)

	31 December 2016 Undiscounted contractual cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	Carrying amount at balance sheet date
Financial assets						
Cash at bank and on hand	6,325,998	–	–	–	6,325,998	6,325,998
Financial assets at fair value through profit or loss	141,160	–	325,187	–	466,347	466,347
Accounts receivable and other receivables	24,619,828	–	–	–	24,619,828	24,619,828
Current portion of non-current assets	5,513,253	–	–	–	5,513,253	3,941,689
Available-for-sale financial assets	–	–	36,803	412,240	449,043	442,726
Interest receivable	9,250	–	–	–	9,250	9,250
Dividends receivable	41,959	–	–	–	41,959	41,959
Long-term receivables	–	3,997,923	5,268,322	12,907,684	22,173,929	13,220,242
Sub-total	36,651,448	3,997,923	5,630,312	13,319,924	59,599,607	49,068,039
Financial liabilities						
Financial liabilities at fair value through profit or loss	199,225	–	3,816	–	203,041	203,041
Short-term borrowings	15,729,787	–	–	–	15,729,787	15,729,787
Notes payable	1,551,582	–	–	–	1,551,582	1,551,582
Debentures payable	189,000	189,000	8,175,500	–	8,553,500	7,986,500
Accounts payable and other payables	15,315,024	–	–	–	15,315,024	15,315,024
Interest payable	303,375	–	–	–	303,375	303,375
Dividends payable	16,746	–	–	–	16,746	16,746
Current portion of non-current liabilities	3,667,872	–	–	–	3,667,872	3,667,872
Other current liabilities	1,666,966	–	–	–	1,666,966	1,687,762
Long-term borrowings	1,056,608	10,819,611	16,387,132	3,464,214	31,727,565	27,023,222
Long-term payables	–	520,988	4,767	23,220	548,975	529,372
Other non-current liability	314,210	314,210	314,210	1,685,812	2,628,442	2,037,458
Sub-total	40,010,395	11,843,809	24,885,425	5,173,246	81,912,875	76,051,741
Net total	(3,358,947)	(7,845,886)	(19,255,113)	8,146,678	(22,313,268)	(26,983,702)

Bank and other borrowings are analysed by repayment terms as follows:

	30 June 2017		31 December 2016	
	Bank borrowings	**Other borrowings**	Bank borrowings	Other borrowings
Within 1 year	**23,546,054**	**–**	19,255,497	–
1 to 2 years	**4,773,878**	**–**	9,763,003	–
2 to 5 years	**15,472,650**	**–**	14,362,508	–
over 5 years	**2,709,669**	**–**	2,897,711	–
	46,502,251	**–**	46,278,719	–

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

3. Interest rate risk

Fixed and floating interest-bearing financial instruments exposed the Group to interest rate risk of fair value and cash flow, respectively. The interest rate policy is to ensure the exposure of interest rate risk of borrowing is within a reasonable scope. The Group had entered into interest rate swap contracts, which were made based on the currencies of the borrowings. Hence the Group set up appropriate fixed and floating interest rate risk portfolio, to meet the policy.

(1) As at 30 June 2017, the Group held the following interest-bearing financial instruments:

	30 June 2017		31 December 2016	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Fixed rates interest-bearing financial instruments				
Financial asset				
– Long-term receivables	2.58%-17.53%	13,499,327	2.58%-17.53%	13,220,242
– Current portion of non-current assets	2.58%-17.53%	4,118,028	2.58%-17.53%	3,941,689
Financial liabilities				
– Short-term borrowings	1.30%~6.09%	8,103,587	0.65%-16.41%	6,280,953
– Debentures payable	3.07%-3.89%	7,986,500	3.07%-3.89%	7,986,500
– Current portion of non-current liabilities	2.38%~3.35%	995,408	2.65%-2.90%	800,000
– Long-term borrowings	1.20%~6.37%	1,936,946	1.45%-6.37%	1,043,007
– Other current liabilities	0.01%-1.00%	2,583,959	0.01%-1.00%	1,666,966
– Other non-current liabilities	4.99%-12.00%	2,037,458	4.99%-12.00%	2,037,458
Total		(6,026,503)		(2,652,953)

	30 June 2017		31 December 2016	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Floating rates interest-bearing financial instruments				
Financial asset				
– Cash at bank and on hand	0.30%-2.75%	5,737,102	0.30%-2.75%	6,325,998
Financial liabilities				
– Current portion of long-term borrowings	3M Libor+165bps~ 3MLibor+240bps	3,896,006	1.15%+1M Libor~ 3M Libor+240bps	2,725,710
– Long-term borrowings	1.15%+1M Libor~ 6M Libor+195bps	21,728,143	1.15%+1M Libor~ 6M Libor+310bps	25,980,215
– Short-term borrowing	1M Libor+150bps~ 6M Libor+70bps	9,842,161	1M Libor+180bps~ 6M Libor+230bps	9,448,834
– Long-term payables	8.02%~12.86%	504,909	8.02%~12.86%	529,372
– Current portion of long-term payables	8.02%~12.86%	124,087	8.02%~12.86%	138,312
Total		(30,358,204)		(32,496,445)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

3. Interest rate risk (Continued)

(2) Sensitivity analysis

As at 30 June 2017, it is estimated that a general increase/decrease of 25 basis points (31 December 2016: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by 56,922,000 and equity by 56,922,000 (2016: 60,931,000 and 60,931,000, respectively).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of su es. The a sis was performed on the same basis for the previous year.

4. Foreign exchange risk

The major currency received by the Group is USD and the major curre paid o RMB. In order to av he risks resulting from the fluctuation of the exchange rate of RMB, in res of ac ts receivable and p es denominated in foreign currencies, the Group ensures that its net ex ure is to an acceptable l by buying or selling foreign currencies at spot rates when necessary to ad

(1) Besides the exposure to currency risk arising from financial assets air va through profit or lo nd financial liabilities at fair value through profit or loss disclosed in Note and IV the Group's exposu at 30 June to currency risk arising from recognised assets or liabilities de nated oreign currencies is vs. For presentation purposes, the amounts of the exposure are shown in , trans d using the spot rate he balance sheet date. Differences resulting from the translation of the fi al sta nts denominated in n currency are excluded.

	30 June 2017			
	USD	EUR	HKD	JPY

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

4. Foreign exchange risk (Continued)

(2) The following are the exchange rates for RMB against foreign currencies applied by the Group and the Company:

	Average exchange rate		Benchmark average exchange rate	
	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	**30 June 2017**	31 December 2016
USD	**6.8871**	6.5359	**6.7744**	6.6312
EUR	**7.4349**	7.2993	**7.7496**	7.3750
HKD	**0.8857**	0.8418	**0.8679**	0.8547
JPY	**0.0616**	0.0590	**0.0605**	0.0645

(3) Sensitivity analysis

Assuming all other risk variables remained constant, 2.80%, 2.80%, 2.70% and 1.90% weakening of the RMB against the USD, EUR, HKD and JPY respectively at 30 June 2017 (2.80%, 2.80%, 2.70% and 1.90% strengthening of the RMB against the USD, EUR, HKD, and JPY respectively at 31 December 2016) would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:3)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

4. Foreign exchange risk (Continued)

(3) Sensitivity analysis (Continued)

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contact for interest rate disclosed in Note IV.2 and IV.26 about financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, but the change in exchange rate may have effect on shareholders' equity and net profit.

5. Other price risks

Other price risks are stock price risk. As at 30 June 2017, the Group held 40,414,000 tradable shares of Qingdao Port International Co., Ltd., 2,996,500 tradable shares of Sinotrans Shipping Limited, etc.

As at 30 June 2017, it is estimated that a general increase/decrease of the comprehensive index of shares 5.00% (31 December 2016: 5.00%), with all other variables held constant, would increase/decrease the Group's shareholders' equity by 9,158,000 (31 December 2016: 6,651,000).

The sensitivity analysis above arise assuming that the change in the comprehensive index of shares occurred at the balance sheet date in the reasonable range and had been applied to remeasure all those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

(1) Assets measured at fair value on a recurring basis

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels As at 30 June 2017:

Assets	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at fair value through profit or loss					
Investments in equity instrument held for trading	IV.2	**180,357**	**–**	**–**	**180,357**
Derivative financial assets	IV.2	**–**	**251,402**	**–**	**251,402**
Hedging instruments	IV.2	**–**	**4,392**	**–**	**4,392**
Available-for-sale financial assets	IV.11	**1,761**	**51,086**	**–**	**52,847**
Financial assets total		**182,118**	**306,880**	**–**	**488,998**
Non-financial assets					
Investment properties	IV.14	**–**	**–**	**1,722,065**	**1,722,065**
Total		**182,118**	**306,880**	**1,722,065**	**2,211,063**

Liabilities	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	IV.26	**–**	**(6,359)**	**–**	**(6,359)**
Hedging Instrument	IV.26	**–**	**(186)**	**–**	**(186)**
Financial guarantee contracts	IV.26	**–**	**–**	**(55,980)**	**(55,980)**
Contingent consideration	IV.26	**–**	**–**	**(129,965)**	**(129,965)**
Total		**–**	**(6,545)**	**(185,945)**	**(192,490)**

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 31 December 2016:

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Investments in equity instrument held for trading	IV.2	138,072	–	–	138,072
Derivative financial assets	IV.2	–	326,969	–	326,969
Hedging instruments	IV.2	–	1,306	–	1,306
Available-for-sale financial assets	IV.11	2,441	30,803	–	33,244
Financial assets total		140,513	359,078	–	499,591
Non-financial assets					
Investment properties	IV.14	–	–	1,752,608	1,752,608
Total		140,513	359,078	1,752,608	2,252,199

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	IV.26	–	(15,838)	–	(15,838)
Hedging Instrument	IV.26	–	(4,244)	–	(4,244)
Financial guarantee contracts	IV.26	–	–	(57,419)	(57,419)
Contingent considerations	IV.26	–	–	(125,540)	(125,540)
Total		–	(20,082)	(182,959)	(203,041)

The Group make the date when matters occurred which result in significant transfers between instruments in the three levels as the point of transfer. During the year ended 31 December 2016, there were no significant transfers between instruments in Level 1 and Level 2 neither nor Level 2 and Level 3.

For traded in active markets financial instruments, the group measures its fair value at an active market price; for not traded in active markets financial instruments, the group uses valuation techniques to determine the fair value. Valuation model mainly used are the discounted cash flow model and market comparable company model etc. Input values of the valuation techniques include the risk free interest rate, benchmark interest rate, exchange rate, credit spreads, liquidity premium, EBITDA multiplier, the lack of liquidity discount etc.

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

The Group has appointed qualified valuer to conduct valuation for the fair value of the investment properties. The methods used include income model and cost model. The key assumptions include rental growth rates, capitalisation rates and unit prices.

The following table presents the movement of the non-financial assets in Level 3:

	Investment properties
1 January 2017	**1,752,608**
Purchase	**–**
Transferred from fixed assets, intangible assets and construction in progress	**1,287**
Transferred out to the the assets classified as held for sale	**–**
Total gains for the current period	**–**
Gains recognised in profit or loss	**–**
Gains/(losses)recognised in other comprehensive income	**–**
Transferred out during the period	**(35,389)**
Exchange differences arising from translating foreign currencies	**3,559**
30 June 2017	**1,722,065**
1 January 2016	730,168
Purchase	78,176
Transferred from fixed assets, intangible assets and construction in progress	310,039
Transferred out to the the assets classified as held for sale	(26,401)
Total gains for the current period	660,626
Gains recognised in profit or loss	75,792
Gains/(losses)recognised in other comprehensive income	584,834
31 December 2016	1,752,608

Finance Department of the Group is responsible for carrying out the valuation of financial assets and financial

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

The following table presents the information of the assets measured at fair value in Level 3:

			Significant unobservable inputs			
	Fair value as at 30 June 2017	Valuation techniques	Name	Scope/weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties-	**1,126,654**		Rate of return/capitalisation rate	6%-8%		
Completed investment properties		Income model	Monthly rental (RMB/square meter/month)	7-95	(a)	Unobservable
		Cost model	Budgeted construction cost to be incurred (RMB/square meter)	650-4,600		
			Anticipated developer's profit margin	9%-12%	(a)	Unobservable
Land use rights	**595,411**	Direct comparison	Market price (RMB/square meter)	[illegible]	[illegible]	Unobservable

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XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

			Significant unobservable inputs			
	Fair value as at 31 December 2016	Valuation techniques	Name	Scope/weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties-	1,139,285		Rate of return/capitalisation rate	6%-8%		
Completed investment property		Income model	Monthly rental (RMB/square meter/month)	7-95	(a)	Unobservable
		Cost model	Budgeted construction cost to be incurred (RMB/square meter)	650-4,600		
			Anticipated developer's profit margin	9%-12%	(a)	Unobservable
Land use rights	613,323	Direct comparison	Market price (RMB/square meter)	450-2200	(a)	Unobservable

(2) Assets measured at fair value on a non-recurring basis

The non-current assets held for sale are measured at the lower of the book value and the fair value less the disposal expenses. As at 30 June 2017, the Group's assets classified as available for sale include investment properties of RMB26,401,000, fixed assets of RMB92,269,000 and intangible assets of RMB85,177,000, measured at fair value less disposal expenses (Note IV.8). The The fair value is estimated based on the present value of estimated future cash flows (RMB26,401,000, RMB115,743,000 and RMB97,563,000), which belongs to the third level.

(3) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities in the group measured by the amortised cost method of including: accounts receivable, short-term borrowings, accounts payable, long-term borrowings, debentures payables, long-term payables etc.

As at 30 June 2017, all financial instruments are carried at amounts not materially different from their fair value.

There is an active market for bonds payable and fair value is determined by the quotations in the active market, which belongs to the first level. Fair value of long-term borrowings, long-term payables and debentures payables with no active market is determined by the discounted future cash flow of the contract in accordance with interest that is comparable and offer the same cash flow under the same conditions, which belongs to the third level.

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(4) Estimation and assumption of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, available-for-sale financial assets on the balance sheet date.

( )

Fair value is based on quoted market prices at the balance sheet date for fair values of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss (excluding derivatives), and available-for-sale financial assets if there is an active market.

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XV. CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the group's ability of sustainable development in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the group is shareholders' equity shown in the consolidated balance sheet. The group is not subject to external mandatory capital requirements, and use debt to asset ratio to monitor capital.

The Group monitors capital on the basis of Debt-Asset ratio. This ratio is calculated as total liabilities divided by total assets.

In 2017, the Group manages capital status by controlling the Debt-Asset ratio not to exceed 70% (2016: not to Csets.

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Dividends receivable

	30 June 2017	31 December 2016
CIMC Hong Kong	**3,333,084**	3,435,198
SCIMC	**592,706**	592,706
SCIMCEL	**462,372**	462,372
SCRC	**216,000**	–
TJCIMCLE	**48,915**	48,915
SCIMCEL	**19,263**	19,263
Modern Logistic	**29,146**	29,146
CIMC Wood	**–**	874
CIMCVL	**–**	149,577
QDSV	**2,468**	17,356
Tianjin Kangde Logistics Equipment Co., Ltd	**411**	411
	4,704,365	4,755,818

3. Other receivables

(1) Other receivables are analysed by categories of customers as follows:

	30 June 2017	31 December 2016
Amounts due from related parties	**12,940,182**	13,109,464
Deposits and margin	**14,739**	15,711
Others	**18,233**	10,821
Sub-total	**12,973,154**	13,135,996
Less: provision for bad debts	**(4,580)**	(4,580)
Total	**12,968,574**	13,131,416

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(2) Other receivables are analysed by aging as follows:

Aging	**30 June 2017**	31 December 2016
Within 1 year (Inclusive)	**9,525,395**	9,642,304
1 to 2 years (Inclusive)	**1,528,555**	1,530,022
2 to 3 years (Inclusive)	**587,541**	574,631
Over 3 years	**1,331,663**	1,389,039
Sub-total	**12,973,154**	13,135,996
Less: provision for bad debts	**(4,580)**	(4,580)
Total	**12,968,574**	13,131,416

The ageing is calculated starting from the date the other receivable is recognised.

As at 30 June 2017 and 31 December 2016, the Company did not have overdue other receivables that were not impaired.

(3) Other receivables are analysed by categories as follows:

	Note	**30 June 2017**				31 December 2016			
		Ending balance		**Provision for doubtful debts**		Ending balance		Provision for doubtful debts	
		Amount	**% of total balance**	**Amount**	**% of total balance**	Amount	% of total balance	Amount	% of total balance
Other receivables with amounts that are individually significant	(4)	**12,873,563**	**99.23%**	**–**	**–**	13,066,919	99.47%	–	–
Other receivables with amounts that are not individually significant	(5)	**99,591**	**0.77%**	**4,580**	**4.60%**	69,077	0.53%	4,580	6.63%
Total		**12,973,154**	**100.00%**	**4,580**	**0.04%**	13,135,996	100.00%	4,580	0.03%

There were no collaterals that the Company held for other receivables that were made impairment aforesaid.

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(4) Other receivables with amounts that are individually significant and that the related provision for doubtful debts is provided on the individual basis

As at 30 June 2017 and 31 December 2016, the Company has no other receivables with amounts that are individually significant and that the related provision for doubtful debts is provided on the individual basis

(5) Other receivables with amounts that are not individually significant but that the related provision for doubtful debts is provided on the individual basis

As at 30 June 2017 and 31 December 2016, the Company has no other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis.

(6) Other receivables that the related provision for bad debts is provided on grouping basis using the ageing analysis method are analysed as follows:

	30 June 2017	31 December 2016

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(9) As at 30 June 2017, the five largest other receivables are analysed as follows:

	Nature	Amount	Aging	% of total balance	Provision for doubtful debts
CIMC Hong Kong	fund transfer, daily transfer	3,612,395	Within 1 year	27.85%	–
C&C Trucks	fund transfer	1,421,641	Within 1 year, 1 to 2 years, 2 to 3 years	10.96%	–
Hongxin Berg	fund transfer	1,098,758	Within 1 year	8.47%	–
CIMCVL and its subsidiaries	fund transfer	849,639	Within 1 year	6.55%	–
Tianjin Hongxin Berg	fund transfer	591,447	Within 1 year	4.56%	–
		7,573,880		58.39%	–

The Company's five largest other receivables as at 31 December 2016 amounted to 7,609,722,000 and accounting for 57.93% of the total other receivables.

(10) Other receivables from shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows

As at 30 June 2017, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of other receivables.

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(11) Other receivables from related parties

	Relationship with the Company	Amount	% of total balance

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Available-for-sale financial assets (Continued)

(1) Related information analysis of available-for-sale financial assets is as follows:

Available-for-sale financial assets measured at cost:

	31 December 2016	Increase in current period	Decrease in current period	**30 June 2017**	Share holding (%)	Cash dividend declared
Available-for-sale equity instruments						
– Cost						
– BOCM Schroder Stolt Fund Management	8,125	–	–	**8,125**	5.00%	–

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Long-term equity investments (Continued)

(2) Subsidiaries:

Investee	31 December 2016	Current period movement	**30 June 2017**	Share holding (%)	Voting rights (%)	Provision for impairment	Impairment provided in the current period	Cash dividend declared
Cost method – Investment in subsidiaries								
SCIMC	110,831	–	**110,831**	100%	100%	–	–	–
XHCIMC	36,500	–	**36,500**	100%	100%	–	–	–
TJCIMC	77,704	–	**77,704**	100%	100%	–	–	–
DLCIMC	48,764	–	**48,764**	100%	100%	–	–	–
TCCIMC	131,654	(40,230)	**91,424**	100%	100%	–	–	33,642
CQVL	39,499	–	**39,499**	100%	100%	–	–	–
SCRC	200,892	–	**200,892**	92%	92%	–	–	216,000
XHCIMCS	82,026	–	**82,026**	100%	100%	–	–	–
CIMC Hong Kong	1,690	–	**1,690**	100%	100%	–	–	–
CIMC SD	162,686	–	**162,686**	100%	100%	–	–	–
HI	606,912	–	**606,912**	80%	80%	–	–	98,789
CIMC Tech	41,526	–	**41,526**	100%	100%	–	–	–
CIMCWD	54,817	–	**54,817**	100%	100%	–	–	–
CIMC Training	48,102	–	**48,102**	100%	100%	–	–	–
DLZH	182,136	–	**182,136**	100%	100%	–	–	–
MEA	111,703	–	**111,703**	100%	100%	–	–	–
CIMC Wood	3,472	–	**3,472**	100%	100%	–	–	–

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Long-term equity investments (Continued)

(2) Subsidiaries: (Continued)

Investee	31 December 2016	Current period movement	**30 June 2017**	Share holding (%)	Voting rights (%)	Provision for impairment	Impairment provided in the current period	Cash dividend declared
SZ Investment Holding	72,401	–	**72,401**	100%	100%	–	–	–
Finance Company	482,590	–	**482,590**	100%	100%	–	–	–
CIMCVL	422,363	–	**422,363**	100%	100%	–	–	–
QDSV	26,912	–	**26,912**	80%	80%	–	–	–
SHOE	40,000	–	**40,000**	100%	100%	–	–	–
SZ Investment	140,000	–	**140,000**	100%	100%	–	–	–
SESKYC	90,000	–	**90,000**	100%	100%	–	–	–
DLCIMCS	69,806	–	**69,806**	100%	100%	–	–	–
Container Holding	4,104,227	–	**4,104,227**	100%	100%	–	–	–
COOP	205,022	–	**205,022**	99%	99%	–	–	–
CIMC Modern Logistic Development Co., Ltd.	803,904	–	**803,904**	100%	100%	–	–	–
C&C Trucks	898,977	81,616	**980,593**	70%	70%	–	–	–
Offshore Holdings	35,000	–	**35,000**	100%	100%	–	–	–
Overseas holding company	13,160	–	**13,160**	100%	100%	–	–	–
Guangdong Vehicle Park Investment Company	30,000	–	**30,000**	100%	100%	–	–	–
Taicang Special Equipment	–	73,873	**73,873**	100%	100%	–	–	–
Sub-total	9,375,276	115,259	**9,490,535**			–	–	348,431

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6.

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Interest payable

	30 June 2017	31 December 2016
Interest of corporate debentures	**218,242**	70,249
Interest of short-term borrowings with periodic payments of interest and return of principal at maturity	**5,957**	3,522
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	**1,365**	1,984
Total	**225,564**	75,755

10. Other payable

(1) The analysis of the Company's other payables is as follows:

	30 June 2017	31 December 2016
Current account with subsidiaries	**2,162,672**	2,948,279
Equipment use rights	**10,459**	16,735
Quality guarantees	**429**	429
Accruals	**–**	7,592
Others	**11,962**	17,769
Total	**2,185,522**	2,990,804

(2) Significant other payables aged over one year

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

11. Current portion of non-current liabilities

(1) The analysis of the Company's current portion of non-current liabilities by categories is as follows:

	Note	30 June 2017	31 December 2016
Current portion of long-term borrowings			
– Unsecured	(2)	**995,000**	800,000

(2) As at 30 June 2017, there were no overdue long-term borrowings of which the durations are extended (31 December 2016: Nil).

12. Long-term borrowings

(1) The analysis of the Company's long-term loans is as follows:

	30 June 2017	31 December 2016

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Deferred tax assets and deferred tax liabilities

(1) The offsetting balances of deferred tax assets and liabilities offset and corresponding deductible or taxable temporary differences

	30 June 2017		31 December 2016	
	Deductible/ (taxable) Temporary differences	**Deferred tax assets/ (liabilities)**	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Employee benefits payable	**196,808**	**49,202**	205,760	51,440
Movement for fair value of financial assets at fair value through profit or loss	**1,738**	**434**	3,360	840
Sub-total	**198,546**	**49,636**	209,120	52,280
Offsetting amount	**–**	**–**	–	–
Offsetting balances	**198,546**	**49,636**	209,120	52,280
Including:				
Amount estimated to reverse within 1 year (inclusive)		**49,636**		52,280

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15. Capital surplus

	31 December 2016	Increase in current period	Decrease in current period	**30 June 2017**
Share premium	3,601,855	29,311	–	**3,631,166**
Other capital surplus:				
– Exchange reserve on foreign currency capital	687	–	–	**687**
– Donated non-cash assets reserve	87	–	–	**87**
– Equity settled share-based payment	253,012	–	(12,104)	**240,908**
Others	(568,492)	–	–	**(568,492)**
Total	3,287,149	29,311	(12,104)	**3,304,356**

	1 January 2016	Increase in current year	Decrease in current year	31 December 2016
Share premium	3,589,082	12,773	–	3,601,855
Other capital surplus:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	258,211	–	(5,199)	253,012
Others	(568,492)	–	–	(568,492)
Total	3,279,575	12,773	(5,199)	3,287,149

XVI.

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

18. Profit/(loss) from changes in fair value

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

22. Non-operating expenses

	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
Abnormal losses	**396**	–
Losses on disposal of fixed assets	**586**	1
Others	**764**	248
Total	**1,746**	249

23. Income tax expenses

	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
Change in deferred income tax	**2,644**	27,968

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

	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
Total profit before tax	**31,304**	153,333
Income tax expenses calculated at applicable tax rates	**7,826**	38,333
Expenses not deductible for tax purposes	**803**	1,878
The tax impact of the current loss of deferred income tax assets unconfirmed	**82,123**	17,498
Income not subject to tax	**(88,108)**	(29,741)
Income tax expenses	**2,644**	27,968

Supplementary Information

For the period started from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

I. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Profit/(loss) on disposal of non-current assets	**13,739**	(3,332)
Government grants recognised in profit or loss for the current period	**91,032**	135,375
Remeasurement of the fair value of equity interest in the acquiree held prior to the acquisition date recognised in investment income	**–**	–
Gains from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, except for the effective hedging activities related to the group's ordinary activities	**(20,332)**	12,264
Occupation cost from non-financial business recognised in profit or loss for the current period	**–**	–
Net gains from disposal of subsidiaries	**(25,460)**	23,712
Reversal of accounts receivable provided for bad debts on an individual basis	**–**	–
Other non-operating income and expenses other than the above items	**38,201**	21,101
Other non recurring gains and loss items	**(105,549)**	–
Sub-total	**(8,369)**	189,120
Effect of income tax	**(30,200)**	(30,604)
Effect of minority interests (after tax)	**(29,616)**	(34,350)
Total	**(68,185)**	124,166

Note: Aforesaid non-recurring profit or loss was presented at amount before taxation.

Basis for preparation of statement of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 – Earnings per share and return on net assets (2010 revised) and relevant requirements of accounting standard, the calculation of earnings per share and return on net assets of the Company is listed as follows:

	Weighted average return on net assets(%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	**For the Period from 1 January to 30 June 2017**	For the Period from 1 January to 30 June 2016	**For the Period from 1 January to 30 June 2017**	For the Period from 1 January to 30 June 2016

Chapter X Documents Available for Inspection

I. The original copies of the interim report of the Company for 2017 signed by the Company's legal representative.

II. The original copies of the unaudited financial report of the Company for the six months ended 30 June 2017 prepared under CASBE duly signed and under the seal of the legal representative of the Company, the person-in

China International Marine Containers (Group) Co., Ltd.
CIMC R&D Center, No.2 Gangwan Avenuc ,
Nanshan Distri