





## Important Notice

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

This Report has been reviewed and approved at the ninth meeting of the eighth session of the Board of the Company in 2016. Mr. LIU Chong, non-executive director, was unable to attend the Meeting due to work reasons, and has authorised Mr. WANG Yuhang, Vice Chairman, to vote on his behalf.

The financial report of the Group has been prepared with the China Accounting Standards for Business Enterprises ("CASBE"). The interim financial statements and notes (the "Interim Financial Report") of the Group as of 30 June 2016 prepared in accordance with CASBE have not been audited.

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

The Company proposes not to distribute any cash dividend, issue bonus shares or convert shares from reserves into share capital for the six months ended 30 June 2016 (the same period of 2015: Nil).

Mr. WANG Hong, person-in-charge of the Company and Chairman of the Board, Mr. MAI Boliang, CEO and President, and Mr. JIN Jianlong, general manager of the financial department, person-in-charge of accounting affairs and head of the accounting department (the financial controller), hereby warrant the truthfulness, accuracy and completeness of the Interim Financial Report contained in this Report.

This Report contains certain forward-looking statements made on the basis of subjective assumptions and judgements on future policy and economy, which are subject to risks, uncertainties and assumptions. The actual outcome may differ materially from such statements. Investors should be aware that undue reliance or use of such information may lead to risks relating to 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.



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## 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)")	ordinary share(s) issued by the Company in the PRC 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;
"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;
"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 (Hong Kong stock code: 3899) on 20 July 2006 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;

## Definitions

"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 Offshore Engineering"	Yantai CMIC Raffles Offshore Ltd. (煙台中集來福士海洋工程有限公司), a company incorporated in the PRC with limited liability on 25 October 1996 and a non-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 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"	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;
"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;
"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 share(s) issued by the Company, being the ordinary shares 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;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;

## Definitions

"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules;
"PRC" or "China"	the People's Republic of China;
"Pteris"	Pteris Global Limited, a company incorporated in 1979, listed on the main board of the Singapore Stock Exchange in 1991, and then listed on Catalist in 2014 (stock code: UD3), and a non-wholly-owned subsidiary of the Company;
"Reporting Period"	the six months from 1 January to 30 June 2016;
"RMB"	Renminbi, the lawful currency of the PRC;
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
"Shareholder(s)"	the shareholder(s) of the Company;
"Shenzhen Listing Rules"	Rules Governing Listing of Stocks on Shenzhen Stock Exchange;
"Shenzhen Stock Exchange"	the Shenzhen Stock Exchange;
"Supervisor(s)"	the member(s) of the Supervisory Committee of the Company;
"Supervisory Committee"	the Supervisory Committee of the Company;
"US\$" or "U.S. dollars"	United States dollars, the lawful currency of the United States of America; and
"Ziegler"	Albert Ziegler GmbH, a company incorporated in Germany with limited liability and a non-wholly-owned subsidiary of the Company.

## Glossary

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;
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 Mode	Optimization Never Ending, the lean management system of CIMC;
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environment;
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, a standard unit of measurement of the volume of a container with a length of 20 feet, height of 8 feet and 6 inches and width of 8 feet; and
VOCS	Volatile Organic Compounds

## Chapter I Corporate Profile

### 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:	<a href="http://www.cimc.com">http://www.cimc.com</a>
Email Address:	<a href="mailto:shareholder@cimc.com">shareholder@cimc.com</a>
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:	<a href="mailto:shareholder@cimc.com">shareholder@cimc.com</a>
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:	<a href="mailto:shareholder@cimc.com">shareholder@cimc.com</a>



## Chapter I

### 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"
Authorized websites on which this Report is made available:	A Shares: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> H Shares: <a href="http://www.hkexnews.hk">http://www.hkexnews.hk</a>
Legal Website:	<a href="http://www.cimc.com">www.cimc.com</a>
Places at which this Report is Available:	Office of the Secretary to the Board 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:	02039, 299901(Note)

Note: Both the abbreviated stock name and the stock code were only used by the original B Shares 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

	Registration Date	Registration Place	Enterprise Registration Number	Tax Registration Number	Organization Code
Registration at the beginning of the Reporting Period	14 January 1980	Market Supervision Administration of Shenzhen Municipality	440301501119369	440300618869509	61886950-9
Registration at the end of the Reporting Period	22 March 2016	Market Supervision Administration of Shenzhen Municipality		91440300618869509J	

Whether other relevant information were changed during the Reporting Period

Applicable ☒ Not applicable

I.

## Chapter II Summary of Accounting Data and Financial Indicators

Unit: RMB thousand

	T R, f P f (Ja ar J 2016) ( a )	The same period of previous year (January – June 2015) (unaudited)	Changes from the same period of previous year to the Reporting Period (%)
Cash flow items			
Net cash flows from/(used in) operating activities	933,732	(625,453)	249.29%
Net cash flows from/(used in) investing activities	(5,376,277)	(4,915,427)	(9.38%)
Net cash flows from/(used in) financing activities	5,570,910	6,180,113	(9.86%)

	A a R, f P f (30 J 2016) ( a )	As at the end of previous year (31 December 2015) (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	4,310,559	3,259,123	32.26%

### Key financial indicators

	T R, f P f (Ja ar J 2016) ( a )	The same period of previous year (January – June 2015) (unaudited)	Changes from the same period of previous year to the Reporting Period (%)
Basic earnings per share attributable to shareholders of the Company (RMB/share)	(0.1444)	0.5681	(125.42%)
Diluted earnings per share attributable to shareholders of the Company (RMB/share)	(0.1444)	0.5627	(125.66%)
Weighted average return on net assets (%)	(1.64%)	6.59%	(8.23%)
Weighted average return on net assets after deducting non-recurring profit or loss	(2.11%)	4.92%	(7.03%)
Net cash flows from/(used in) operating activities per share (RMB/share)	0.31	(0.23)	234.78%

	A a R, f P f (30 J 2016) ( a )	As at the end of previous year (31 December 2015) (audited)	Changes from the end of previous year to the end of the Reporting Period (%)
Net assets per share attributable to shareholders of the Company (RMB/share)	8.61	8.90	(3.26%)
Gearing ratio (%) (note)	70%	67%	3%

Note: The gearing ratio is calculated based on total liabilities as at the respective dates divided by total assets.



## 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 ☒

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

Applicable ☐ Not applicable ☒

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

Applicable ☐ Not applicable ☒

## III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS

Unit: RMB thousand

	A_
	(Ja ar
	J 2016)
	( a )
Gain/(loss) from disposal of non-current assets	(3,332)
Government grants recognised in profit or loss for the current period	135,375
Gains or losses from changes in fair value arising from holding of financial assets held for trading and financial liabilities held for trading, and investment gains arising from disposal of financial assets held for trading, financial liabilities held for trading and available for-sale financial assets, except for the effective hedging activities relating to the Group's ordinary activities	12,264
Net gains from disposal of investments	23,712
Other non-operating income and expenses other than the above items	21,101
Effect of income tax	(30,604)
Effect of minority interests (after tax)	(34,350)
Total	124,166

Note: Aforesaid non-recurring profit or loss (other than effect of minority interests (after tax)) was presented at amount before taxation.

Reasons and explanations on the Company's non-recurring profit or loss items as defined under the Explanatory Announcement No.1 on Information Disclosure by Companies Offering Securities to the Public – Non-Recurring Profit or Loss (the "Explanatory Announcement No.1") and the recurring profit or loss items which are listed as non-recurring profit or loss items under the requirements of the Explanatory Announcement No.1

Applicable ☐ Not applicable ☒

## Chapter III Report of the Board



### I. OVERVIEW

In the first half of 2016, the global economic recovery still remained weak, the demand from developed countries was sluggish, the growth of emerging economies was slow, and the international trade continued suffering from a downturn. The international financial environment was complex and volatile, and Brexit increased the fluctuation of the global financial environment. China's economic growth slowed down, exports continued shrinking, RMB exchange rate fluctuation intensified, and economic operational risk increased.

Although our Group took various measures and made arrangements actively for coping with the aforesaid dilemma, our Group still recorded a significant decrease in the operation results due to the impact of continued unfavourable market situation during the Reporting Period. Meanwhile, due to the significant provision for the purchase of equity interests in Nantong Sinopacific Offshore & Engineering Co., Ltd. ("SOE") by CIMC Enric, a non-wholly-owned subsidiary of the Group during the Reporting Period, the Group recorded net loss attributable to the shareholders of the parent company. During the Reporting Period, the Group's revenue amounted to RMB23,542.843 million (same period in 2015: RMB32,637.289 million), representing a year-on-year decrease of 27.87%, while its net profit attributable to the shareholders and other equity holders of the parent company was at a loss of RMB378.034 million (same period in 2015: gaining a profit of RMB1,518.195 million).

### II. REVIEW OF PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

The Group is principally engaged in the manufacture of modern transportation equipment, energy, chemical and liquid food equipment, offshore

## Chapter III Report of the Board

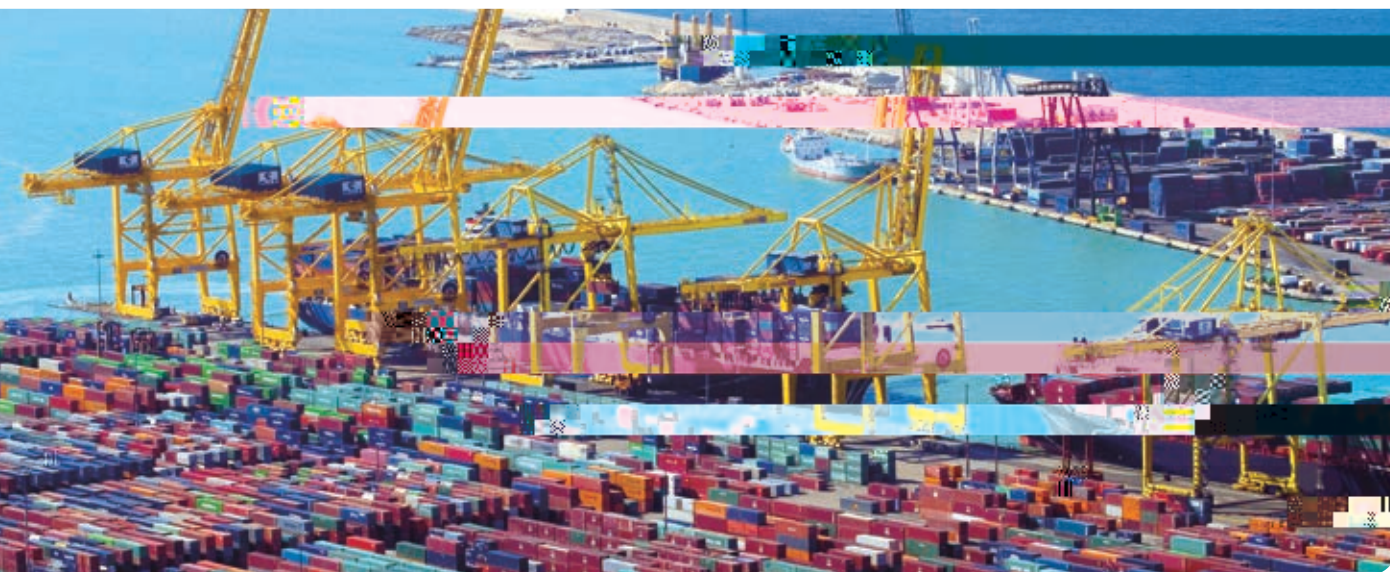
### Container Manufacturing Business

The Group's container business mainly deals with standard dry containers, reefer containers, special reefers and Modular Building. The Group has the capacity to produce a full series of container products with independent intellectual property rights. Special reefers and Modular Building business include 53-foot inland North American containers, European wide containers, bulk containers, special reefer containers, foldable containers and Modular Building products.

In the first half of 2016, due to weak global economy and continued slowdown in China's exports, the growth of shipping trade was weak, and the operation results of container shipping companies continued deteriorating, with the prospect of the market appearing to be relatively gloomy. Meanwhile, some large-sized container shipping companies and container leasing companies, which carried out merger or acquisition in succession in the previous year, were in the period of integration. All these factors resulted in customers' generally postponing capital investment with their purchasing demand for newly built containers weakened. The lowering of demand and the relative overcapacity made the competition in container manufacture industry more intensified, consequently, the price of containers was at a low level as a whole. However, the number of orders of the same period in the previous year was relatively at a high level, and the year-on-year base was high, as a result, the Group recorded a sharp year-on-year decrease in the sales volume and the revenue of containers during the Reporting Period.

During the Reporting Period, the accumulated sales volume of ordinary dry containers of the Group reached 238,300 TEUs (same period in 2015: 736,100 TEUs), representing a year-on-year decrease of 67.63%; the accumulated sales volume of reefer containers reached 22,300 TEUs (same period in 2015: 86,900 TEUs), representing a year-on-year decrease of 74.34%. The container business recorded a revenue of RMB4,898.618 million (same period in 2015: RMB12,478.632 million), representing a year-on-year decrease of 60.74%; and the net loss was RMB139.632 million (same period in 2015: gaining a profit of RMB710.009 million), representing a year-on-year loss.

In the first half of this year, faced with the weak demand for container business and low capacity utilisation rate, the Group actively shrunk capacity by taking measures such as combining production bases to help improve the capacity utilisation rate and the profit margin. The relocation project of containers in Fenggang of Dongguan City was still in an orderly way, and it is expected that the production line for the Phase I of this project would be completed and put into operation in the first half of the next year; the relocation of the Qingdao cold chain industry park project has already been completed and put into operation, which may satisfy the steadily growing market demand for special reefers.





## Chapter III Report of the Board

### Road Transportation Vehicle Business

In respect of the road transportation vehicle business, the Group has established different product lines for special vehicles consisting of 10 series and more than 1,000 models, including container semi-trailers, flatbed/staked-side semitrailers, low-flatbed semi-trailers, vehicle loaded semi-trailers, stake trucks, van trucks, tank trucks, dump trucks, sanitation trucks and special vehicles. These products cover major domestic and international markets.

From the end of 2014, under the pressure of national energy structure adjustment and environmental protection, the growth rate of domestic manufacturing investment has continued to decrease, the market demand for special vehicles has fallen, and the vacancy rate of engineering special vehicles has remained high. In the first half of 2016, benefiting from national policy of stabilizing growth, domestic fixed-assets investment such as real estate and infrastructure construction recovered, and the domestic market sales volume of special vehicles was driven to an increase as compared with the same period of previous year. In the overseas market, although the shipping performance in the North American market remained strong, the cyclical demand for semi-trailers peaked; the economy of emerging countries remained uneven, and the growth of demand in each region significantly fell due to low price of bulk goods, devaluation of currencies and low oil price.

During the Reporting Period, the Group's road transportation vehicle business achieved sales of 58,231 units (same period in 2015: 59,491 units), representing a slight year-on-year decrease of 2.12%. It recorded revenue of RMB7,013.354 million (same period in 2015: RMB6,682.115 million, excluding the heavy truck business), representing a year-on-year increase of 4.96%, and achieved net profit of RMB361.893 million (same period in 2015: RMB318.726 million, excluding the heavy truck business), representing a year-on-year increase of 13.54%. The increase in revenue and net profit was mainly attributable to the increase in the gross profit margin as compared with the same period of previous year driven by the business growth in the North American and European market.

During the Reporting Period, the Group's road transportation vehicle business continued promoting the global operation management steadily, strived to enhance 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

## Chapter III Report of the Board

In the first half of 2016, the continuous fall of the international oil price narrowed the price advantage of natural gas as compared with that of oil, as a result, the progress of “oil to gas” projects in China slowed down, and the attractiveness of natural gas as an alternative fuel became less appealing. In addition, the sales volume of natural gas equipment of CIMC Enric, especially the sales volume of CNG trailers, LNG vehicle-carrying bottles and LNG gas stations experienced a decline to different extents as compared with the same period of the previous year; although the revenue of special tank containers of chemical equipment increased, the demand for standard tank containers was low, the revenue of chemical equipment recorded a decrease; the orders of liquid food equipment increased, which drove the slight increase of revenue. In addition, during the Reporting Period, as some of the conditions precedent were not fulfilled or waived, CIMC Enric terminated its acquisition of the entire equity interests of SOE, and from a prudent perspective, made provisions of RMB1.21 billion in aggregate for the first installments of consideration, consideration prepayment, loans and guarantee that had already been paid based on the negotiation between SOE and the seller and knowledge of the financial position of SOE and the seller. Accordingly, during the Reporting Period, CIMC Enric experienced a significant loss which also incurred in the Group’s energy, chemical and liquid food equipment business.

During the Reporting Period, the energy, chemical and liquid food equipment business of the Group recorded revenue of RMB4,338.109 million (same period in 2015: RMB4,774.432 million), representing a year-on-year decrease of 9.14%. The net loss was RMB1,021.577 million (same period in 2015: gaining a profit of RMB259.454 million), representing a year-on-year decrease of 493.74%. The revenue from the energy equipment business of CIMC Enric was RMB1,445.660 million (same period in 2015: RMB1,669.285 million), representing a year-on-year decrease of 13.40%; the revenue from the chemical equipment business was RMB1,248.365 million (same period in 2015: RMB1,515.438 million), representing a year-on-year decrease of 17.62%; and the revenue from the liquid food equipment business was RMB1,043.477 million (same period in 2015: RMB978.326 million), representing a year-on-year increase of 6.66%.

In the first half of 2016, business segments of CIMC Enric remain committed to providing quality products and services and continued to strengthen the development of new products and projects to cater for the changing needs of clients. (1) Energy equipment segment carried out the research and development of LNG liquid cargo tank for ships, LNG full containment tank, LNG fuelling station, new series of cryogenic tanks and decontamination system of nuclear power station; some of the new products have already been launched in the market and brought revenue contribution. In the environment of low oil price, the research and development team made efforts in developing various LPG equipments, such as LPG spherical tanks that meet international standard and LPG power generation system. (2) Chemical equipment segment strived to provide clients with new logistic solutions and develop different types of tank containers according to the needs of clients, for example, 40-foot new international LNG tank containers of high-performance, 20-foot internationally applied cryogenic tank containers, cryogenic tank containers catering for long-haul international transportation and lightweight special tank containers catering for European clients. (3) Liquid food equipment focused on developing the workmanship turnkey system of beer factory, exploring new equipment with customers, as well as increasing efficiency and reducing costs; at the same time it continued to strengthen the research and developing power of new technology for beer brewing, realizing diversified development through exploring new businesses.

During the Reporting Period, CIMC Enric has completed the acquisition of 100% equity of Briggs Group Limited (“Briggs”). The operation of Briggs is in United Kingdom and United States; it is principally engaged in the engineering, process engineering and the sales of equipment and process monitoring system in industries including brewing, beverages, distilled food, pharmaceutical, health and beauty, as well as bio-fuel and offers project management and consulting services. The business of Briggs and the existing liquid food equipment business of CIMC Enric complement each other. The acquisition of Briggs enabled CIMC Enric to enter the liquid food industry of non-brewing field, bio-fuel and pharmaceutical industry, expanding the combination of products and services, as well as market area, in order to consolidate its market position.

## Chapter III Report of the Board

### Offshore Engineering Business

The Group is 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. The Group's offshore engineering business is mainly operated by CIMC Raffles and its subsidiaries. Our main products include Jack-up Drilling Platforms, Semi-submersible Drilling Platforms, and auxiliary vessels for offshore engineering projects.

Continuously affected by the low international oil price, the sharp drop in the global offshore engineering equipment market continued in the first half of 2016. Global mainstream marine petroleum drilling companies postponed the delivery of platforms under construction, and they did not place orders. In 2015, a total of 257 vessels of offshore engineering equipment were completed worldwide, representing a year-on-year decrease over 60%. From January to June in 2016, only a total of 36 vessels of offshore engineering equipment were completed worldwide, which continued to decrease significantly because of the sluggish condition in 2015.

During the Reporting Period, the offshore engineering business of the Group recorded a sales revenue of RMB3,703.689 million (same period in 2015: RMB5,043.275 million), representing a year-on-year decrease of 26.56%. Besides, the Group incurred a net loss of RMB3.988 million (same period in 2015: gaining a profit of RMB18.658 million), which was mainly attributable to a decrease in new orders resulting from a decline in oil price and deferred delivery of orders on hand.

In the "winter of offshore engineering industry", CIMC Raffles strived to overcome difficulties and focused on strategic products, and obtained an order from CNOOC Energy Technology & Services Limited (中海油能源發展股份有限公司) of jack-up drilling platform for HYSY 162 Project during the Reporting Period. Meanwhile, it actively expanded its new businesses and delivered a 5-year special inspection project in connection with 2 semi-submersible drilling platforms during the Reporting Period. CIMC Raffles has 14 orders in hand, with the contract amount approaching USD4 billion.

On 8 June 2016, under the leadership and sponsorship of National Development and Reform Commission, Ministry of Finance and Ministry of Industry and Information Technology, China Advanced Manufacturing Industry Investment Fund was established in Beijing. As a superior enterprise in the area of offshore engineering general assembly construction, the Group signed a cooperation framework agreement with SDIC Investment Management Co., Ltd. (國投創新投資管理有限公司) which is the manager of China Advanced Manufacturing Industry Investment Fund. China Advanced Manufacturing Industry Investment Fund proposed to make equity investment in CIMC Offshore Engineering and they are now in the negotiations in respect of the specific terms of the investment. Subject to the due execution of Investment Agreement, offshore engineering business in our Group will obtain national industry fund's direct support which will help CIMC Offshore Engineering achieve new breakthroughs in the R&D, design and general assembly construction of high-end offshore engineering equipment and the localization of core equipment, which in turn can improve CIMC Offshore Engineering's momentum and ability to implement national offshore strategy and innovative development.

### Logistics Service Business

The logistics business of the Group is committed to offering valuable logistics solutions for customers by utilising a series of logistics equipment and technologies. The development idea of the Group's logistics service business is to change logistics with equipment and build a unique business model for CIMC Logistics while giving full play to the core competitive advantages of logistics equipment in its designing, R&D, manufacturing, lease and service; further build and perfect the global logistics network distribution and build an ecosystem for CIMC Logistics by centering on the "Belt and Road"; integrate with the concept of "Internet plus" and innovate in the new business development model of CIMC Logistics; adhere to the principle of "cargo value most (以貨為主)", base on customer demands, and expand full supply chain solutions.



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In the first half of 2016, the domestic logistics services industry remained generally stable and its structural differentiation was obvious. The demand for international logistics increased. The logistic demand in traditional industries such as mining and high-consuming energy remained weak and logistic demand in the equipment manufacturing industry increased. The logistics service price remained low; and the performance of logistics enterprises failed to turn better in an obvious manner. Affected by the market environment of bulk commodities, the Group scaled down the supply chain business of logistic services and adjusted the oil and gas business. The revenue generated from the existing businesses decreased due to the decline of shipping price.

During the Reporting Period, the Group's logistics business achieved sales revenue of RMB3,218.617 million (same period in 2015: RMB4,267.810 million), representing a year-on-year decrease of 24.58%, and net profit of RMB68.434 million (same period in 2015: RMB57.474 million), representing a year-on-year increase of 19.07%. The increase in our profit was mainly attributable to the satisfactory profit from Sino-Worlink (Beijing) Investment Co., Ltd. and Sino-Worlink (Hong Kong) International Logistics Co., Ltd. which were acquired in 2015.

In the first half of 2016, the four major business lines of logistic services of the Group focused on developing in the direction of equipment logistics, multimodal transport, cross-border logistics and systemic container services. (1) Equipment logistics business line continued to promote lean production and kanban management to improve the manufacturing process of the factories and increase the level of information; the Group has changed the situation that equipment logistics business mainly relies on export for growth by vigorously expanding the domestic market. (2) Container services business line promoted the improvement

of quality, service, lean and information system and strengthened the management and control on cost and safety; confirmed eight business products including shipping agency, freight agency, container yard, storage and transportation, reefer container service, leasing and sales of second-hand containers, converted containers and railway stations; strengthened the deep strategic cooperation with customers such as purchasers, containers leasing companies and railways; it promotes the implementation of the strategy of "one body with two wing" for rail-water transport, sets up a core enterprise of joint investment, CIMC Kaitong Logistics Development Co., Ltd. (中集凯通物流发展有限公司) along the Yangtze River Basin; it quickens the network distribution of container yards for Southeast Asia territory alongside the "Belt and Road", and makes a research on cold chain logistics market. (3) Industrial logistics business line built professional logistics service by focusing on oil and gas, agriculture, food and other areas, improving internal management and control mechanism while making greater efforts on market development and promoting in-depth integration of logistics services. It vigorously develops and operates transportation platform and declaration platform, thus having achieved higher efficiency and remarkable results. (4) Project logistics business line renewed the organisational structure and development strategy. Its business integrates well with Sino-Worlink. Based on the international railway collaborated transport and multimodal sea-highway-railway transport, it taps the transport potential of railway special vehicles and gradually forms its customized cross-border multimodal transport products services characteristic of CIMC for sea-highway-railway transport of special cargos by scheduled trains in the special cargos transport area, through integration of the transport capacities of specialized ships.

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In respect of innovation and expansion of new business models, the Group started multimodal transport business in March this year and established CIMC Multimodal Transport Company (中集多式聯運公司). Multimodal transport is a transport process of mutual link-up and transshipment jointly completed by two or more kinds of vehicles. It relates to various links including dock, depot, storage, financial lease and third party logistics. The Group possesses two advantages in resource and crossing border while starting such business. The Group has a profound resource foundation in container yard business, lease and customs declaration and freight agency, and is able to offer one-stop service in terms of products design, technical certification, production and solutions of logistics transportation. The Group will join such business area by offering innovated logistics equipment and tools to increase the transportation efficiency of railways. The Group is currently building logistics transport corridor in the target area market, developing and securing source for goods while focusing on differentiated competition and railway transport market, namely, the market suitable for a transportation radius of over 1000 kilometers. Currently, the railway transport trains from Xian, Guiyang and Lanzhou to the east have been launched.

### Heavy truck business

The Group operates the heavy truck business through C&C Trucks. C&C Trucks positions its products in the mid-end to high-end heavy truck market in the international market and the high-end heavy truck market in the domestic market. It has established the development strategy of “making high-end products, providing quality services, and creating first-class brands”. Its key products include tractors, mixer trucks, dump trucks, granule tank trucks and LNG trucks.

In the first half of 2016, the domestic economy remained a low growth. Except for the real estate industry, fixed investment, highway transport and bulk cargo transport like coal which are closely associated with the heavy-duty truck industry experienced slower growth or negative growth. However, after profound adjustment in 2015, the heavy-duty truck industry witnessed a substantial

rebound driven by strong demand for renewal and industrial restructuring of certain down-stream industries. The overall sales of the domestic heavy truck market in the first half of this year was 338,000 units (same period in 2015: 296,000 units), representing a year-on-year increase of 14%. High-end and high-horsepower tractors maintained high growth rate, with tractors carrying coals and hazardous chemicals increasing by over 50%; dump trucks began to recover growth from April this year after 23 months of consecutive decline; and affected by the narrowed price differences between oil and gas, the sales volume of natural gas heavy trucks continued to decline, but in a more steady way.

During the Reporting Period, the sales of C&C Trucks amounted to 3,003 units, representing 50% of the annual goals, of which high-end and high-horsepower tractors (over 380 horsepower) and hazardous chemical tractors pushed up, recording an increase of 216% as compared to the same period of last year. C&C Trucks realized a year-on-year increase of 57% in sales volume of its products under the unfavorable circumstance that the export amounts of China's heavy truck generally decreased by more than 30%. During the Reporting Period, the sales revenue from C&C Trucks amounted to RMB860.359 million (same period in 2015: RMB396.090 million), representing a substantial year-on-year increase of 117.21%, and the net loss reached RMB96.523 million (same period in 2015: loss of RMB138.793 million), recording a decrease of loss of 30.46% as compared to the same period of last year.

In the first half of 2016, C&C Trucks strived to change and promoted sales by various marketing mixes including reintegration of resources and organizations, product improvement, channel building, international market expansion, development of end market and smooth service. In addition, by participating in various national marketing activities like Beijing Auto Show and China Truck Racing Championship, and through multi-channel communications of Internet, WeChat and new media, C&C Trucks further strengthens its brand label featured by “high-end, safety and energy-conservation”, and builds images for its brand.

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### Airport facilities equipment business

The Group's airport facilities business is mainly operated by Pteris (including CIMC Tianda), Ziegler and its subsidiaries. The Group also integrates and achieves synergy with its subsidiary CFSE over the advantages of resources. Its principal businesses include boarding bridges, automated logistics systems and GSE (including shuttle buses and lifting platform vehicles etc.), fire trucks and other rescue vehicles and related services as well as stereo garage business.

In the first half of 2016, global airline business gained prosperous development and the new demands for airport facilities equipment (boarding bridges and GSE) grew steadily. The fire and rescue services, benefited from the pushing forward of China's urbanization, are flourishing. As the fast development of e-commerce and express logistics bring hard-won chances for automatic logistics, stereo garage business can be more steadily developed.

During the Reporting Period, the Group's airport facilities equipment business recorded sales revenue of RMB1,128.444 million (same period in 2015: RMB883.084 million), representing a year-on-year increase of 27.78%. It achieved net profit of RMB10.705 million (same period in 2015: loss of RMB47.245 million), turning losses into profits as compared with the same period of the previous year, mainly because Ziegler achieved profits resulting from its good operation performance.

During the Reporting Period, all principal businesses of the Group's airport facilities equipment achieved its desired development goals and accomplished its business plans. (1) Boarding bridge business: the Group continues to fortify its positions in major airports of China and records steady growth in its revenue and profitability, with the international marketing network further improved and the competitiveness in the global market further enhanced. (2) Fire trucks and rescue vehicles business: Ziegler is in the process of integration and has achieved remarkable results, with the operation procedures optimized and production efficiency greatly improved, hence making short supply

relieved. The Group also started its integration of associated company CFSE and is focusing on future strategic layout to enhance competitiveness.



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In the first half of this year, the first phase of the first industrial estate project of the Group – Dongguan CIMC Intelligence Valley has been put into use. As of 30 June 2016, the total contracted sales area of the CIMC Intelligence Valley amounted to 36,200 square metres (including the Group's container headquarters building) and the total amount of contracted sales reached approximately RMB0.417 billion with a total contracted area of 42,200 square metres, which represented an overall occupancy rate of 93% of the first phase completed and laid a good foundation

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

Applicable ☐ Not applicable ☒

Status of future developments and plans disclosed in publicly disclosed documents such as the prospectus, the offering memorandum and the assets reorganisation report of the Company that continued into the Reporting Period

Applicable ☐ Not applicable ☒

The Company reviewed and summarized progress of business plans in the Reporting Period which were disclosed previously

Applicable ☐ Not applicable ☒

### 2. Composition of Principal Businesses during the Reporting Period

Unit: RMB thousand

	R (a)	C (a)	G (a)	C (a)	C (a)	C (a)
By industry/product						
Containers	4,898,618	4,195,365	14.36%	(60.74%)	(60.02%)	(1.56%)
Road transportation vehicles	7,013,354	5,690,682	18.86%	4.96%	4.41%	0.43%
Energy, chemical and liquid food equipment	4,338,109	3,529,362	18.64%	(9.14%)	(10.35%)	1.10%
Offshore engineering	3,703,689	3,319,379	10.38%	(26.56%)	(33.13%)	8.80%
Airport facilities equipment	1,128,444	902,822	19.99%	27.78%	24.31%	2.23%
Logistic services	3,218,617	2,826,608	12.18%	(24.58%)	(28.02%)	4.19%
Financial business	1,114,356	366,336	67.13%	35.06%	38.96%	(0.92%)
Real estate	315,698	156,605	50.39%	32.25%	11.69%	9.13%
Heavy trucks	860,359	837,730	2.63%	117.21%	129.94%	(5.39%)
Others	297,323	221,051	25.65%	(57.08%)	(52.13%)	(7.68%)
Combined offset	(3,345,724)	(2,919,444)	—	—	—	—
Total	23,542,843	19,126,496	18.76%	(27.87%)	(30.50%)	3.08%
By region (by receiver)						
China	8,454,654	—	—	(32.45%)	—	—
Asia (regions excluding China)	1,838,387	—	—	(69.89%)	—	—
America	3,503,214	—	—	(49.16%)	—	—
Europe	8,283,362	—	—	28.52%	—	—
Others	1,463,226	—	—	115.28%	—	—
Total	23,542,843	—	—	(27.87%)	—	—

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### 3.    Analysis of Core Competitive Advantages

#### A development strategy focusing on core businesses to accelerate industrial upgrades

The Group has been focusing on core businesses to step up the industrial upgrades, so as to enhance its industrial competitiveness. While strengthening the advantage of the traditional container industry and focusing on emerging strategic businesses such as natural gas equipment and offshore engineering equipment, the Group set foot in financial, logistics services and other modern services. At present, the Group possessed a diversified business portfolio, with an industrial ecosystem of “manufacture + service + finance” formed. The container business continued to take the lead in the industry, as well as offshore engineering, road transportation vehicles, energy, chemical and liquid food equipment businesses with strong competitive edges in the PRC.

#### An enterprise framework and management system for continuous improvement and sustainability

The Group has developed a set of effective management models covering business philosophy, governance structure and management mechanism. A standardised and effective corporate governance structure is the institutional safeguards of the



#### 4. Analysis of Investments during the Reporting Period

(a) *External investments*

√ Applicable      Not applicable

Initial Investment (RMB million)	1,023,262		
Repayment (RMB million)		105,000	874.54%

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### (c) Securities investments

√ Applicable      Not applicable

Unit: RMB thousand

S	S	A	I	N		N		B		C	S
				a	a	a	a	a	a		
				R	R	R	R	R	R		
				P	P	P	P	P	P		
				(	(	(	(	(	(		
				a	a	a	a	a	a		
				)	)	)	)	)	)		
H shares	6198	Port of Qingdao	128,589	40,414,000	0.85%	40,414,000	0.85%	121,242	1,701	Financial assets at fair value through profit or loss	Self-owned funds
H shares	368	Siontrans Ship	20,742	2,996,500	0.08%	2,996,500	0.08%	3,150	(757)	Financial assets at fair value through profit or loss	Self-owned funds
Other securities investments held at the end of the Reporting Period			-	-	-	-	-	-	-	-	-
Profit or loss from securities investments sold during the Reporting period			-	-	-	-	-	-	-	-	-
Total			149,331	-	-	-	-	124,392	944	-	-

### (d) Description of shareholdings in other listed companies

√ Applicable      Not applicable

As of the end of the Reporting Period, the Group's equity interests in other listed companies are as follows:

Unit: RMB thousand

S	A	I	N	S	B	P	C	C	S
Australian Securities Exchange: OEL	Otto Energy	13,480	14,000,000	1.19%	2,678	–	1,336	Available-for-sale financial assets	Stock acquisition
Hong Kong Stock Exchange: 206	TSC Group	167,591	92,800,000	13.42%	199,978	–	3,954	Long-term equity investments	Stock acquisition
Hong Kong Stock Exchange: 445	China Fire	467,498	1,223,571,430	30.00%	480,056	–	18,057	Long-term equity investments	Stock acquisition

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### (2) Entrusted wealth management, derivatives investments and entrusted loans

#### (a) Entrusted wealth management

Applicable ☐ Not applicable ☒

There was no entrusted wealth management of the Company in the Reporting Period.

#### (b) Derivatives investments

☒ Applicable ☐ Not applicable

Unit: RMB thousand

Derivative Financial Instruments												
Name of the counterparty	Relationship	Type of derivative contract	Contract date	Contract termination date	Notional amount (RMB thousand)	Fair value (RMB thousand)			Fair value change (RMB thousand)			
						Carrying amount	Change in fair value	Change in fair value percentage (%)	Carrying amount	Change in fair value	Change in fair value percentage (%)	
HSBC, Standard Chartered and other banks	Nil	No	Forward exchange contract	— 2016/7/1	2017/4/24	9,087,911	—	—	—	4,247,724	15.38%	102,520
HSBC, Standard Chartered and other banks	Nil	No	Currency accumulator contract	— 2016/7/1	2017/3/24	4,097,462	—	—	—	1,315,006	4.76%	37,921
CCB, HSBC and other banks	Nil	No	Interest rate swap contract	— 2009/12/28	2020/3/1	831,181	—	—	—	835,422	3.02%	893
HSBC	Nil	No	Currency swap contract	— 2015/4/1	2019/9/1	70,365	—	—	—	58,384	0.21%	(5,174)
Total				— —	—	14,086,919	—	—	—	6,456,536	23.37%	136,160

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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)	Nil
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 of 30 June 2016, the derivative financial instruments held by the Group were mainly foreign exchange forwards, foreign currency options, 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 and foreign currency options 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 2016, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB136.160 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	In accordance with "Basic Norms for Enterprise Internal Controls", "Application Guidelines for Enterprise Internal Controls", "Enterprise Internal Controls Assessment Guidelines" and other relevant laws and regulations, the Company has established a sound internal control system and put it into effective implementation. Therefore, the risks faced by the Company regarding derivatives investments are controllable.

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## (c) Entrusted loans

√ Applicable      Not applicable

Unit: RMB thousand

Borrower	Relationship	Amount	Interest rate	Guarantee	Use of funds
Xiamen Xinshuangrong Automobile Driving Training Limited	No	5,200	21.00%	Pledge of share options/ pledge of house property/ corporate guarantee	Driver training site construction and purchase of training vehicles
Shenzhen Pengsangpu Energy Services Co., Ltd.	No	6,800	9.00%	Equipment mortgage/ corporate guarantee	Procurement of solar equipment
Xiamen Yingzhong Fuhai Automobiles Limited	No	38,000	7.70%	Corporate guarantee	Procurement of vehicles
Xiamen Hongxin International Logistics Co., Ltd.	No	23,000	8.75%	Corporate guarantee	Payment of logistics fees
Quanzhou Jincheng Maritime Transport Co., Ltd.	No	18,000	14.64%	Ship mortgage/corporate guarantee	Payment of freights
Quanzhou Jincheng Maritime Transport Co., Ltd.	No	18,000	14.64%	Ship mortgage/corporate guarantee	Payment of freights
Quanzhou Jincheng Maritime Transport Co., Ltd.	No	16,000	15.30%	Ship mortgage/corporate guarantee	Procurement of fuel oil and other daily operating turnover
Fujian Tianlong Steamship Limited	No	34,000	10.56%	Ship mortgage/corporate guarantee	Procurement of ship and fuel oil etc.
Quanzhou Jincheng Maritime Transport Co., Ltd.	No	11,350	14.17%	Ship mortgage/corporate guarantee	Payment of ship lease accounts or cargo agency fees
Quanzhou Jincheng Maritime Transport Co., Ltd.	No	7,800	14.17%	Ship mortgage/corporate guarantee	Payment of ship lease accounts or cargo agency fees
Xiamen Zhiyuan Automobile Limited	No	50,000	7.80%	Corporate guarantee	Procurement of vehicles
Fujian Tianlong Steamship Limited	No	34,000	10.56%	Ship mortgage/corporate guarantee	Procurement of ship and fuel oil etc.
Lingbao Guoshi Mining Limited Liability Company	No	36,000	9.78%	Pledge of house property/ corporate guarantee	Procurement of ores
Xiamen Xiangyu Free Trade Zone Fengyi Logistics Co., Ltd.	No	35,000	12.26%	Pledge of share options/ corporate guarantee	Payment of freights
Total	–	333,150	–	–	–

Extension, overdue or litigation (if any)      Litigations against Xiamen Xinshuangrong Automobile Driving Training Limited and Shenzhen Pengsangpu Energy Services Co., Ltd. are in process.

Measures to cope with risks arising from extension, overdue or litigation (if any)      –

Disclosure date of approval of entrusted loans at a Board meeting (if any)      –

Disclosure date of approval of entrusted loans at a shareholders' meeting (if any)      –



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### (3) Use of Raised Proceeds

☒ Applicable      ☐ Not applicable

#### (a) Overall utilisation of raised proceeds

☒ Applicable      ☐ Not Applicable

Unit: RMB thousand

Total proceeds raised	3,227,639
Total investment of proceeds during the Reporting Period	0
Total cumulative investment of proceeds	3,227,158
Total proceeds raised with changes in usage during the Reporting Period	0
Total accumulative proceeds raised with changes in usage	0
Proportion of accumulative total proceeds raised with changes in usage	0.00%

#### Description of overall utilisation of proceeds raised

The proceeds raised from the issue of additional H Share will be used for supplementing the working capital of the Group.

#### (b) Projects committed with raised proceeds

☐ Applicable      ☒ Not Applicable

There was no change of project to be invested with raised proceeds of the Company during the Reporting Period.

#### (c) Change of project to be invested with raised proceeds

☐ Applicable      ☒ Not Applicable

There was no change of project to be invested with raised proceeds of the Company during the Reporting Period.

#### (d) Status of projects financed by proceeds

Object of use of proceeds	Date of use of proceeds	Disclosure website
Used for supplementing the working capital	25 December 2013, 27 March 2015	www.cninfo.com.cn www.hkexnews.hk

### (4) Principal subsidiaries and associates

Please refer to the relevant information contained in "II. Review of Principal Businesses during the Reporting Period" under this chapter of this Report for the details of operations of principal subsidiaries and associates. The details on the subsidiaries that began and ceased to be consolidated into the accounts of the Company during the Reporting Period are set out in note V of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.

### (5) Major projects invested by non-raised proceeds

☐ Applicable      ☒ Not Applicable

## Chapter III Report of the Board

### 5. Forecast on the Operating Results for the Period from January to September 2016

Warning and explanation in the forecast of the possible aggregate net profits from the beginning of the year to the end of the next reporting period becoming a loss or a significant change compared to the same period of the previous year

Applicable ☐ Not Applicable ☒

### 6. 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 ☒

### 7. Explanation of the Board on the Affairs Relating to “Non-standard Auditing Report” for the Previous Year

Applicable ☐ Not Applicable ☒

### 8. Implementation of Profit Distribution of the Company during the Reporting Period

During the Reporting Period, the proposed profit distribution plan for 2015 was passed at the 2015 annual general meeting of the Company on 31 May 2016 in accordance with the relevant requirements of the Articles of Association: the Company to pay a cash dividend of RMB0.22 (inclusive of tax) for every share (2014: RMB0.31 for every share) to Shareholders, which is calculated based on the total share capital of the Company as at the book closure date of dividend distribution for 2015. The Company completed the payment of the final dividend for 2015 on 20 July 2016, and the dividend paid by the Company was RMB654.822 million.

Paragraphs	
Was it in compliance with the requirements of the Articles of Association or the resolution of the general meeting:	Yes
Was the dividend distribution criteria and proportion well-defined and clear:	Yes
Was the related decision making process and mechanism in place:	Yes
Did independent Directors fulfill their duties and play their roles:	Yes
Were the minority Shareholders given opportunities to sufficiently voice their opinions and make requests and were their legal interests fully protected:	Yes
Were conditions and procedures legal and transparent in respect of the cash dividend policy with adjustments or changes:	Yes

### 9. 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 2016 (the same period of 2015: Nil).

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### 10. Register of Reception of Research, Communications and Interviews during the Reporting Period

Date	Venue	Method	Target Audience	Participants	Main Content
11 January 2016	Company	Field research, one to one	Institution	Springs Capital (Beijing) Co., Ltd	Principal business conditions, business structure, investment progress, recent industrial developments and industry outlook in 2016
12 January 2016	Shanghai	The 16th UBS Greater China Seminar	Institution	Invesco, First State Investments, China AMC, Honghu Investment Management, Neuberger Berman, CIC International (Hong Kong) Co. Ltd., New Silk Road Investment, Korea Investment Management, APS Asset Management, Q Fund Management, Stone Forest Capital, PSquared Asset Management, T.Rowe Price International Ltd., Nomura Asset Management	Same as above
19 January 2016	Company	Field research, one to one	Institution	Industrial Securities	Same as above
25 February 2016	Company	Teleconference, one to one	Institution	ICBC Credit Suisse	Same as above
29 February 2016	Company	Field research, one to one	Institution	Huachuang Securities	Same as above
29 March 2016	Hong Kong	Annual report results presentation	Institution	Institutional analysts, financial media	Announcing 2015 annual report results
12 April 2016	Company	Field research, one to one	Institution	Essence Securities	Principal business conditions, business structure, investment progress, recent industrial developments and industry outlook in 2016
26 April 2016	Hangzhou	Spring Forum of Listed Companies of Haitong Securities	Institution	Fullgoal Fund, Orient Securities	Same as above
30 May 2016	Company	Field research, one to one	Institution	Sanlam Investments, SA, JPMorgan AM, UK, Colonial First State-Core, Northcape Capital, Ellerston, Macquarie Securities	Same as above
17 June 2016	Company	Field research, one to one	Institution	Guotai Junan, China Galaxy International Asset Management, Shanghai International Asset Management (Hong Kong) Company Limited (香港滙光國際投資管理有限公司)	Same as above
30 June 2016	Company	Field research, one to one	Institution	Xiamen Pearl Fund (廈門普爾投資)	Same as above

## Chapter III Report of the Board

### IV. PROSPECTS AND INITIATIVES

#### 1. Industry Development Trends and Market Outlook in the Second Half of This Year

Looking ahead to the second half of 2016, with a weak recovery of world economy and an increasing differentiation among regions, it is expected that global trading and marine transportation market will remain running at a low level. Such factors as downturn oil prices, Brexit, and expected interest rate raise of the U.S. Federal Reserve will result in greater economic and financial fluctuation risks of the globe. The domestic economy will still face a downward risk.

In respect of the container manufacturing business, based on the latest prediction of CLARKSON (an authoritative analysis institution in the industry), the growth of global container trade will be approximately 3.8% in 2016, which is still in a lower level although improved compared with the same period of previous year. It is expected that the imbalanced status of supply and demand in the shipping industry will remain unchanged, and the decreasing results of container shipping companies and shrinkage or delay of capital investment will cause a continually weak demand for containers. The overall market is in inadequate demand apart from special reefer business.

In respect of the road transportation vehicle business, in the second half of this year, the government will continue to proactively stabilise the growth in the PRC market. It is expected that the year-on-year decrease in the special vehicles market of the PRC would be narrowed in the second half of the year. In the overseas market, the Europe will continue to implement easing policies to realize slow market recovery; slower cycle for the U.S. Federal Reserve to raise interest rate will alleviate the decreasing demand trend in emerging markets; and the continuing economic recovery of the U.S. and continual strong freight index will form a marketing supporting for semi-trailer market's regular slipping from its peak.

In respect of the energy, chemical and liquid food equipment business, continuously affected by the low international oil price, it is expected that China's natural gas industry will continue to suffer pressure for the short term, and the natural gas equipment market will remain in the doldrums. As the chemical industry is affected by the slowdown of the global economic growth, the periodical volatility trend of the chemical equipment is predicted to sustain. The overall market trend of the liquid food equipment will continue to remain stable.

In respect of the offshore engineering business, it is expected that the international oil prices will remain low for a period of time in the future. It is hard to change the downturn condition of the offshore engineering equipment markets this year. Global offshore engineering manufacturing enterprises face with risks including abandonment of ships by customers and project assets impairment. Currently, it is in a periodically difficult period. With the gradual rebounding of oil prices in the future and the integration of offshore engineering industry, the delayed or pending offshore oil and gas projects may get back on the agenda again, and in a medium and long term, the offshore engineering market still has room for development.

In respect of the logistics services business, in the second half of this year, the global trade and shipping markets will remain running at a low level along. It is expected that the logistics industry is hard to see obvious rebound. As the overall level of the logistic industry in China is low, the Chinese government will drive industrial transformation and upgrading with regional integration and development and encourages opening-up externally. Coupled with the concrete implementation of the "The Belt and Road Initiative" strategies, the continuous internationalisation of Renminbi and the extension of bilateral free trade agreements, it will constantly bring forth with enlarged demand for logistics services as well as stricter professionalisation requirements. The development of logistic industry in China is faced with more challenges and opportunities.

## Chapter III Report of the Board

In respect of the heavy truck business, in the second half of this year, as the real estate continues to recover and investments in railway increase, it is expected that engineering vehicles market will maintain its rapid development trend; and as hazardous goods tractors and coal transport tractors have increased at a high speed for nearly one year and the supply and demand for highway capacity have basically reached balance, the growth of hazardous goods tractors and coal transport tractors is expected to be slower. However, driven by the replacement demands, it is expected that the overall tractors will continue to keep a steady growth in the second half of this year.

In respect of the airport facilities equipment business, under the new normal, the growth of the domestic infrastructure investment slows down, and hence the demand for new airport equipment will be reduced. However, the replacement demand for the existing equipment will remain helpful to maintain steady business growth. The urbanisation process in China is conducive to the further development of the fire and rescue vehicle business. GSE business is expected to keep growth in China and emerging markets; boarding bridge business is basically stable, and demands for bridge loading facilities increase; demands in emerging markets for fire vehicles and special fire vehicles increase. With the rapid development of domestic e-commerce and automated logistics industry, domestic market demand for various automated logistics equipment will maintain its growth.

In respect of the real estate development business, in the second half of this year, it is expected that domestic policy environment regarding real estate will increasingly differentiate, third-tier and fourth-tier cities will continue to destock. Market turnover increases steadily stimulated by ease policies. However, the stocks of commercial real estate in some second-tier cities are expected to be high yet.

In respect of the financial business, in the second half of this year, such factors as Brexit and interest rate raise of the U.S. Federal Reserve will result in greater world economic and financial risks and bring relatively significant effects to the large financing projects denominated in US dollars. It is expected that the domestic financial leasing industry will keep forging ahead. Due to the intensifying competition of the industry and continual increase of the social financing size, the capital return will be low. With the greater downward pressure of domestic macroeconomy, credit risks of existing businesses under financial leasing are increasing.

### 2. Major Risk Factors of the Group

In the second half of 2016, the Group will still be exposed to the following macroeconomic and policy adjustment risks against its business environment:

- **Economic periodic fluctuations:** 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. There are risks that the growth of the Group's container business might slow down due to the declining growth in global trade and China's export. Due to the declining oil prices, the volume of orders received in global market of offshore engineering equipment suffered sharp contraction, putting the Group's offshore engineering equipment business under great pressure. The changes and risks in global economic environment bring higher requirements on the Group's operating and risk controlling capabilities.



## Chapter III Report of the Board

- Risk of industry policy upgrade and trade protection: 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

## Chapter III Report of the Board

In respect of the container manufacturing business, in the second half of this year, for container business, the Group will still focus on connotative optimization and consolidation of its leading position in the industry, and pay attention to seizing the opportunity in market fluctuations; continue to adopt measures including active shrink and capacity adjustment to save expense and improve efficiency; at the same time, continue to develop and explore the new business relating to containers, such as Modular Building, cold chain equipment, logistics equipment, environmental protection, new energy, new materials etc.

In respect of the road transportation vehicle business, in the second half of this year, the Group will continue to strive for comprehensively improving the core competencies of global operations. The Group will focus on exploring new business and innovation business while developing existing business so as to realise the continuous quality growth. In domestic market, the Group will seek for more sources of revenue by developing new business. In North American market, the Group will capture market opportunities to expand its production capacity properly, extend the geographical coverage of its products and increase its product types and achieve sustainable growth. In European market, the Group will continue to seek for future growth drivers. In emerging markets, the Group will develop key markets and ensure the steady development of mature regions.

In respect of the energy, chemical and liquid food equipment business, in the second half of this year, in general, the costs will be reduced through internal optimization, and the integration of newly merged enterprises will be strengthened. The energy equipment segment will continuously reduce production costs, improve level of innovation, actively explore overseas markets opportunity, enhance the ability of delivering of small-and-medium sized LNG ships, LEG ships and LPG ships, and continue to develop business opportunities for small sized LNG liquefying systems and equipments as well as EPC services; the chemical equipment segment will continue to take the lead in manufacturing tank containers industry, and intensify the development of special and high-end tank containers (such as LNG tank containers); liquid food equipment segment will move forward towards the goal of possession of vertically integrated EPC contracting capability and horizontally diversified businesses to develop Central American markets and emerging markets.

In respect of the offshore engineering business, in the second half of this year, the Group will shrink capacity according to the market situation and strive to reduce 30% of the cost and increase 30% of the efficiency, focusing on creating advantages in cost and delivery time. Meanwhile, through moderately related multivariate exploration and expansion, the Group will substantially enter into the new business which is able to stabilize oil price fluctuations, such as offshore power equipment, seawater desalination equipment and other offshore engineering equipments in marine economic realm (excluding offshore gas exploitation) based on its existing capabilities.

## Chapter III Report of the Board

In respect of the logistics services business, in the second half of this year, the Group will follow closely the national strategies to continue to improve the network distribution at home and abroad; seize favourable period of state's policies to actively develop multimodal transport business; change and improve the logistics by equipment technology and gradually establish the leading advantages of "Internet + technological innovation"; train a compound team with skills of "logistics + vessel + equipment + management" so as to establish core competitiveness for "equipment+service".

In respect of the heavy truck business, in the second half of this year, the Group will implement the actions of annual sales volume increasing, accounts receivable clearing and inventory reducing; reduce the cost of finished vehicle and shorten the delivery cycle of products; speed up the development progress for national V Standard products, high-horsepower tractors and special chassis, comb the vehicle models with major sales and adjust the product mix; promote financial business to serve sales, strengthen the construction of distribution channels and promote marketing model innovation and further expand the overseas market, so as to achieve annual sales target.

In respect of the airport facilities equipment business, in the second half of this year, the Group will continue to improve stereo garage business, explore and launch new business models such as BOT (Build Operate Transfer) and PPP (Public Private Partnership). The Group will integrate and achieve synergy over original business of Pteris; proactively accelerate the integration of CFSE, and incorporate the CFSE into plate management system of the Group; deepen the mutual coordination with Ziegler, deepen the market resource sharing and cooperation with Pteris in the field of airport and logistics.

In respect of the real estate development business, in the second half of this year, the Group will strengthen the contract signing and sales of Zhigu Project and Zihui Garden Project of Songshan Lake in Dongguan and continue to promote the implementation of solutions of Qianhai Project, Shekou Prince Bay Project, Shanghai Baoshan Project and other projects and keep close communication with government authorities, striving to implement the agreements on relevant projects within this year.

In respect of the financial business, in the second half of this year, CIMC Finance Company will focus on establishing timely and efficient capability in financial services, provide customized financial products through combining with actual operating conditions of the Group's member enterprises; strengthen risk management and control. CIMC Financial Leasing Company will continue to deepen the coordination of industry and finance, step up efforts on promotion and marketing, vigorously promote sustained growth of the fundamental businesses such as vehicles and energy and chemical; continue to maintain steady and prudent risk management and control policies, optimize the asset structures to improve the asset quality.

## Chapter IV Management Discussion and Analysis Prepared in Accordance with the 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 unaudited interim financial statements and notes thereto prepared in accordance with CASBE set out in this Report.

### CONSOLIDATED OPERATING RESULTS

During the Reporting Period, the Group recorded revenue of RMB23,542.843 million (same period in 2015: RMB32,637.289 million), representing a year-on-year decrease of 27.87%, and profit attributable to shareholders and other equity holders of the listed company recorded a loss of RMB378.034 million (same period in 2015: gaining a profit of RMB1,518.195 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 note XIII of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.

### GROSS PROFIT MARGIN AND PROFITABILITY

During the Reporting Period, the gross profit margin of the Group was 18.76% (same period in 2015: 15.68%), representing a year-on-year increase of 3.08%. Among the principal businesses, the gross profit margin of containers business and heavy truck business decreased slightly as compared with the same period of the previous year, while the gross profit margin of other business segments remained stable basically or increased slightly. For details, please refer to the relevant information in the Report.

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## Chapter IV Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Rules

### LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash at bank and on hand primarily consist of cash and bank deposits. As at 30 June 2016, the Group's cash at bank and on hand amounted to RMB5,041.751 million (31 December 2015: RMB4,487.166 million), representing an increase of 12.36% as compared with the end of the previous year. The Group's funds mainly derive from the funds generated from operation and bank loans. The Group has always adopted prudent financial management policies and maintained sufficient and appropriate cash on hand to repay the bank loans falling due and ensure the business development.

During the Reporting Period, the Group recorded net cash flows from operating activities of RMB933.732 million (same period in 2015: RMB(625.453) million), net cash flows from investing activities of RMB(5,376.277) million (same period in 2015: RMB(4,915.427) million) and net cash flows from financing activities of RMB5,570.910 million (same period in 2015: RMB6,180.113 million). At the end of the Reporting Period, the balance of cash and cash equivalents held by the Group amounted to RMB4,310.559 million.

### BANK LOANS AND OTHER BORROWINGS

As at 30 June 2016, the Group's short-term borrowings, long-term borrowings, debentures payable and other current liabilities (issuance of commercial papers) in aggregate amounted to RMB51,906.456 million (31 December 2015: RMB46,241.746 million). Details are set out in notes IV. 24, IV. 35, IV. 36, and IV. 37 of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.

Unit: RMB thousand

	30 J ( a )	A a 2016 ( )	As at 31 December 2015 (audited)
Short-term borrowings		<b>18,155,292</b>	17,909,024
Non-current borrowings due within one year		<b>656,364</b>	649,003
Debentures payable due within one year			3,998,881
Long-term borrowings		<b>29,041,014</b>	23,684,838
Other current liabilities (issuance of commercial papers)		<b>4,053,786</b>	–
Total		<b>51,906,456</b>	46,241,746

In the first half of 2016, the net bank loans appropriated by the Group amounted to RMB5,324.877 million (same period in 2015: RMB5,008.519 million), representing a year-on-year increase of 6.32%. 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 2016, the Group's bank borrowings included fixed-rate borrowings of approximately RMB27,804.494 million (31 December 2015: RMB12,472.493 million), representing an increase of 122.93% as compared with the end of the previous year; floating-rate borrowings of RMB20,048.176 million (31 December 2015: RMB29,770.372 million), representing a decrease of 32.66% as compared with the end of the previous year. For details, please refer to note XIV. 3 of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.



## Chapter IV Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Rules

### CAPITAL STRUCTURE

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As of 30 June 2016, the Group's equity interest attributable to shareholders amounted to RMB34,353.688 million (31 December 2015: RMB35,494.876 million), the total liabilities amounted to RMB80,446.229 million (31 December 2015: RMB71,268.295 million) and the total assets amounted to RMB114,799.917 million (31 December 2015: RMB106,763.171 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 70% (31 December 2015: 67%), which increased by 3 percentage points as compared with the end of the previous year, mainly due to the increase of the total liabilities for the current period 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 majority 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 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. 25 of "Chapter VIII 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. 24 of "Chapter VIII 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 and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks is monitored by the management on an on-going basis. For details, please refer to note XIV. 1 of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.

### PLEDGE OF ASSETS

As at 30 June 2016, the restricted assets of the Group totally amounted to RMB6,485.785 million (31 December 2015: RMB5,826.663 million), representing an increase of 11.31% as compared with the end of the previous year. For details, please refer to note IV. 23 of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.

### CAPITAL COMMITMENTS

As at 30 June 2016, the Group had capital expenditure commitments of approximately RMB340.197 million (31 December 2015: RMB960.181 million), which were mainly used as external investment contracts entered into but not performed or performed and manufacturing ships for sales or lease. For details, please refer to note XI. 1. (1) of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.

### CONTINGENT LIABILITY

As at 30 June 2016, the Group had contingent liabilities of approximately RMB81.072 million (31 December 2015: RMB79.940 million). For details, please refer to note X. 1 of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.

## Chapter IV Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Rules

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

During the Reporting Period, the Group completed the acquisition of 100% equity interests of Retlan Manufacturing Limited and 100% equity interests of Briggs Group Limited at a total consideration of RMB1,023.262 million. For details, please refer to note V. 1 of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.

### FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCES OF FUNDING

The operating and capital expenditures of the Group are mainly financed by our own fund and external financing. The Group will continue to 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 during the year.

### 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 capital expenditure of the Group in 2016 was approximately RMB11,976 million, among which approximately RMB1,552 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.

On 31 May 2016, as considered and approved by the 2015 annual general meeting, the first 2016 A shareholders' class meeting and the first 2016 H shareholders' class meeting of the Company, the Company proposed to issue no more than 386,263,593 new A shares (including 386,263,593 shares) at an issuance price no less than RMB13.86 per share to no more than 10 (including 10) qualified investors including domestic institutional investors and individual investors that meet the relevant requirements and conditions. Gross proceeds shall not exceed RMB6,000 million. The Non-public Issuance of A Shares is subject to the approval of the China Securities Regulatory Commission. Various forms of financing arrangements will continue to be considered by the Group in the second half of this year.

### USE OF PROCEEDS RAISED

On 31 December 2015, the Company issued a total of 286,096,100 H Shares to COSCO Container Industries Limited, Broad Ride Limited and Promotor Holdings Limited at HK\$13.48 per H Share, and the proceeds raised were approximately HK\$3,857 million (approximately RMB3,228 million), which were used to replenish the Group's working capital. As of 30 June 2016, the proceeds raised of HK\$3,856 million (equivalent to approximately RMB3,227 million) have been actually used by the Company. The proceeds raised of HK\$575,428 (equivalent to approximately RMB481,586) have not been used, which will be used to replenish the liquidity by the Company.

### EMPLOYEES, TRAINING AND SHARE OPTION INCENTIVE SCHEME

As at 30 June 2016, the Group had 52,332 employees in total (same period in 2015: 61,723). The total staff cost during the Reporting Period, including Directors' remuneration, contribution to the retirement benefit schemes and share option scheme, amounted to RMB2,129.005 million (same period in 2015: RMB2,515.447 million), representing a year-on-year decrease of 15.36%.

## Chapter IV Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Rules

The Group provides salary and bonus payment to its employees based on their performance, qualification, experience and market earnings as a kind of incentive. The share option scheme aims to recognise the previous contribution of Directors and core employees to the Group and reward them for their long-term services. For details of the A Share(s) Share Option Incentive Scheme adopted by the Company, please refer to “VII. Implementation and Effect of the Company’s Share Option Incentive Scheme” under “Chapter V Significant Events” in this Report. Other benefits include contribution to the governmental pension schemes and insurance plans for employees in mainland China. The Group regularly reviews its remuneration policies, including the amount of remuneration payable to Directors, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and market conditions.

### DIVIDEND DISTRIBUTION

The Board proposed that no interim cash dividend for 2016 shall be distributed, no bonus shall be issued, and no share shall be converted from reserves into share capital (same period of last year: Nil).

### SOCIAL RESPONSIBILITIES

During the Reporting Period, uncertainty of global economy remains increasing. The Group maintained the stable and healthy development and constantly performed corporate social responsibilities by striving to overcome the adverse effects of the externally complicated environment of economy and making contributions to the economic growth, employment and development of the society. In the future, the Group will continue to deepen industrial transformation and upgrade with a strong presence in China while expanding the network overseas. The Group put more focus on the quality of development, so as to create more values for Shareholders, provide more trainings and rewards to its staffs with a better working environment, and provide high-quality products and services to its customers.

### EVENTS AFTER THE BALANCE SHEET DATE

For details about the events after the balance sheet date of the Reporting Period, please refer to note XII of “Chapter VIII Interim Financial Report (Unaudited)” in this Report.

### DISCLOSURE UNDER THE HONG KONG LISTING RULES

In accordance with paragraph 40 of Appendix 16 of the Hong Kong Listing Rules, the Company confirms that, save as disclosed herein, there has been no material change in the current information regarding the Company from the information disclosed in the 2015 annual report of the Company.

## Chapter V Significant Events

### I. CORPORATE GOVERNANCE

During the Reporting Period, the Group continued to promote governance in compliance with laws and maintained normal operation strictly in accordance with the relevant provisions of the state and the regulations and documents issued by regulatory authorities including the China Securities Regulatory Commission, CSRC Shenzhen, Shenzhen Stock Exchange, SFC and Hong Kong Stock Exchange.

In the first half of 2016, the Group further carried out the construction and supervision of its internal control system to realise a full coverage. The Group continued to thoroughly propel four key tasks in respect of internal control, namely establishment of the internal control compliance programme, construction of the IT-based internal control projects, compilation of internal control manual for each level, and training of internal control personnel, with the Personnel Training Plan for the Internal Control and Audit System of CIMC (2016-2020) finalized and the Plan for the Training of the Internal Control and Audit Team and Project Coordination of the Group for 2016 formulated to officially launch out the training of supervisors for internal control of the Group.

During the Reporting Period, the Group focused on governance in compliance with laws in the internal control work and updated part of systems and rules according to requirements of the regulatory bodies of Hong Kong and Mainland China on securities, including the Information Disclosure Management System of China International Marine Containers (Group) Co., Ltd., the Management Policy for Fund Raised, the Rules of Procedures for the Board Meeting of China International Marine Containers (Group) Co., Ltd. and the Implementation Rules of the Audit Committee under the Board of China International Marine Containers (Group) Co., Ltd..

### II. CORPORATE GOVERNANCE

#### 1. Compliance with the Principles and Code Provisions under the Corporate Governance Code by the Company during the Reporting Period

The Board of the Company is committed to raising the standard of corporate governance within the Group and believes that good corporate governance helps the Group to safeguard the interests of the Shareholders and improve its business performance. The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for slight deviation from the code provisions A.2.7 Deviations from relevant code provisions as set out in 2015 annual report of the Company have been partly improved. Deviations and their improvements have been disclosed in relevant paragraphs below.

##### (1) The Board

During the Reporting Period, the term of the seventh session of the Board of the Company expired. As approved at the annual general meeting for 2015 of the Company held on 31 May 2016, Mr. Wang Hong, Mr. Wang Yuhang, Mr. Wang Zhixian and Mr. Liu Chong were elected as non-executive Directors of the eighth session of the Board; Mr. Mai Boliang was elected as executive Director of the eighth session of the Board; Mr. Pan Chengwei, Mr. Pan Zhengqi and Mr. Wong Kwai Huen, Albert were elected as independent non-executive Directors of the eighth session of the Board. As considered at the first meeting of the eighth session of the Board in 2016 held on the same day, Mr. Wang Hong was elected as Chairman, and Mr. Wang Yuhang was elected as Vice Chairman.

During the Reporting Period, 6 meetings of the Board were held by the seventh session of the Board, of which 1 meeting was held on-site, 5 meetings were held in a way of written review resolutions with 43 resolutions reviewed; 3 meetings of the Board were held by the eighth session of the Board, of which 1 meeting was held on-site, 2 meetings were held in a way of written review resolutions with 4 resolutions reviewed. Of the 9 Board Meetings in total, 1 was regular meeting and 8 were interim meetings.

## Chapter V Significant Events

Save for 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.

As considered and approved at the 2015 annual general meeting held on 31 May 2016, the Company has amended the Rules of Procedures of the Board of China International Marine Containers (Group) Co., Ltd. and added the authorities of evaluating and determining the nature and extent of risks that the Company is willing to take in achieving the strategic objectives, ensuring that the Company establishes and maintains an appropriate and effective risk management and internal control system and being responsible for supervising the design, implementation and monitoring of risk management and internal control system by the management to the authorities of the Board. The Company has also amended the main duties of Audit Committee accordingly.

### (2) Board Committees

During the Reporting Period, the Board Committees of the Company also completed re-election successfully. During the Reporting Period, 9 meetings were held by special Board committees with 13 letters of opinions from Board committees passed.

### (3) The Supervisory Committee

During the Reporting Period, the term of the seventh session of the Supervisory Committee of the Company expired. On 31 May 2016, as considered and approved at the 2015 annual general meeting of the Company, Mr. Lin Wuliu and Mr. Zhang Mingwen were elected as the supervisors on behalf of shareholders for the eighth session of the Supervisory Committee. On the same day, as considered and approved at the general staff meeting of the Company, Mr. Xiong Bo was elected as the supervisor on behalf of staff for the eighth session of the Supervisory Committee. On 31 May 2016, as considered and approved at the first meeting of the eighth session of the Supervisory Committee in 2016, Mr. Zhang Mingwen was elected as the chairman of the Supervisory Committee.

During the Reporting Period, 3 meetings of the seventh session of the Supervisory Committee were held with 18 resolutions reviewed and 1 event considered. 1 meeting of the eighth session of the Supervisory Committee was held with 1 resolution reviewed and 0 event considered. The Supervisors were in attendance at 9 meetings of the Board on a non-voting basis and Supervisor Xiong Bo attended Shareholders' general meeting once.

### (4) Shareholdings' general meeting

On 31 May 2016, the Company held the 2015 annual general meeting, the First 2016 A Shareholders' Class Meeting and the First 2016 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 related resolutions of the meetings were published in China Securities Journal, Shanghai Securities News and Securities Times and on Cninfo website (<http://www.cninfo.com.cn>) on 1 June 2016, and on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cimc.com>).



## Chapter V Significant Events

The non-executive Director Mr. Wang Hong, executive Director Mr. Mai Boliang and independent non-executive Directors Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert attended the abovementioned general meetings. Non-executive Directors Mr. Zhang Liang and Mr. Wu Shuxiong and independent non-executive Director Mr. Li Kejun failed to attend due to other important affairs.

### (5) Amendments to Articles of Association

On 31 May 2016, as considered and approved at the 2015 annual general meeting, the Company amended "The Articles of China International Marine Containers (Group) Co., Ltd.". Details of the amendments to the Articles of Association and the full text of the amended Articles of Association were published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (<http://www.cninfo.com.cn>), the Company's website ([www.cimc.com](http://www.cimc.com)) and the Hong Kong Stock Exchange's website (<http://www.hkexnews.hk>) and the website of the Company (<http://www.cimc.com>) on 9 April 2016 and 1 June 2016, respectively.

### (6) Updates regarding to deviations from code provisions as set out in 2015 annual report of the Group

The 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. During the Reporting Period, the Company's CEO and President Mr. Mai Boliang shall not take part in the matter regarding the adjustment of such executive Director's fixed remuneration for 2016. In addition, during the Reporting Period, the Company has not held a Board meeting without the executive Director present.

## 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 consisted of 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 8 April 2016, the seventh session of the Board of the Company has considered and approved the amendments to the Implementation Rules of the Audit Committee of China International Marine Containers (Group) Co., Ltd., which amended and added to the responsibility and authority of Audit Committee in the oversight of the Company's financial reporting system and internal control procedures, including: to review the implementation of Company's risk management and internal control system and the self-assessment of internal control, and to consider and identify the company's significant risk and significant control defects; to study the important findings of risk management and internal control matters and the management's response to the findings on its own initiative or as delegated by the Board; and to supervise the establishment and implementation of the risk management and internal control system by the management, and ensure that the system is effective, etc.

On 29 August 2016, the audit committee reviewed the interim financial report of the Group for the six months ended 30 June 2016, and agreed to present the same to the Board.

## Chapter V Significant Events

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

## Chapter V Significant Events

### 3. Corporate Mergers

√ Applicable      Not applicable

For details of the corporate mergers of the Group during the Reporting Period, please refer to note V of “Chapter VIII Interim Financial Report (Unaudited)” in this Report.

## VII. IMPLEMENTATION AND EFFECT OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME

### 1. Summary of Share Option Incentive Scheme

#### (1) Share option scheme of the Company

In order to establish and improve the incentive-constraint mechanism, and effectively combine the interests of the Shareholders, the interests of the Company and the personal interests of individuals, an A Share(s) Share Option Incentive Scheme was considered and approved at the extraordinary general meeting of the Company on 17 September 2010. According to such scheme, the first tranche of 54,000,000 share options (the “First Tranche of Share Options”) were registered on 26 January 2011 and the second tranche of reservation of 6,000,000 share options (the “Second Tranche of Share Options”) were registered on 17 November 2011 by the Company.

As at 12 May 2015, upon the consideration 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 at the fourteenth meeting of the seventh session of the Board in 2015, the options of the second exercisable period for the Second Tranche of Share Options have met the exercise conditions 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 26 July 2016, upon the consideration at the fifth meeting of the eighth session of the Board in 2016 and the implementation on 20 July 2016 of the annual dividend distribution plan of the Company for 2015, the adjusted option exercise price for the First and Second Tranche of Share Options is RMB10.55 and RMB16.08, respectively.

During the Reporting Period, the total exercisable options of A Share(s) Share Option Incentive Scheme amounted to 539,700 options, representing 0.98% of the total (adjusted), of which, totaling 499,600 options were exercised during the second exercisable period for the First Tranche of Share Options, and totaling 40,100 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

CIMC Enric passed and adopted a share option scheme (“2006 Share Option Scheme”) at its extraordinary general meeting held on 12 July 2006, pursuant to which CIMC Enric granted a total of 120,370,000 share options as rewards and benefits provided to certain employees, directors and other eligible persons for their contributions to CIMC Enric in November 2009, October 2011 and June 2014. For details, please refer to the related announcement of CIMC Enric published on the website of the Hong Kong Stock Exchange, the relevant announcements released on the websites of the Shenzhen Stock Exchange, the Hong Kong Stock Exchange and the Company as well as relevant regular reports of the Company in recent years. As of 30 June 2016, a total of 8,100,000 share options of the 2006 Share Option Scheme have been lapsed. The 2006 Share Option Scheme is expected to expire in 2016.

## Chapter V Significant Events

On 20 May 2016, the annual general meeting of CIMC Enric passed and adopted a new share option scheme ("2016 Share Option Scheme") and terminated the 2006 Share Option Scheme. When the 2006 Share Option Scheme was terminated, there were no other share options available to be granted, while share options granted before termination remain effective and are available for exercise in accordance with provisions of the Scheme. Since adoption of the 2016 Share Option Scheme, no share option has been granted by CIMC Enric pursuant to the 2016 Share Option Scheme.

### (3) Implementation of the equity trust scheme of CIMC Vehicle

An equity trust scheme of the Company's wholly-owned subsidiary CIMC Vehicle was considered and approved at the general meeting of the Company held on 17 October 2007 for implementation. Pursuant to the scheme, the senior management relating to the vehicle business of the Company and the key employees of CIMC Vehicle held g of CIMC Eniy a5(o)0.il2OiC Eg to tstscordaoeh5e held

## √ Applicable      Not applicable

## Chapter V Significant Events

R a	R a	T	D a	Pr	Pr	A	%	W	A a a	S	D	D
R a	R a	T	D a	Pr	Pr	(RMB'000)	%	W	A a a	S	D	D
Y&C Engine Co., Ltd	Joint venture	Purchase of goods	Purchase of goods	Regular commercial terms	-	140,744	0.33%	-	-	-	-	-
TSC Offshore Group Ltd	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	343	0.00%	-	-	-	-	-
Xuzhou CIMC Wood Co., Ltd.	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	144	0.00%	-	-	-	-	-
Asahi Trading Co., Ltd	Minority shareholder of a subsidiary	Purchase of goods	Purchase of goods	Regular commercial terms	-	23,053	0.05%	-	-	-	-	-
Shaanxi Heavy Duty Automobile Co., Ltd	Minority shareholder of a subsidiary	Purchase of goods	Purchase of goods	Regular commercial terms	-	28,966	0.07%	-	-	-	-	-
Sumitomo Corporation	Minority shareholder of a subsidiary	Purchase of goods	Purchase of goods	Regular commercial terms	-	168	0.00%	-	-	-	-	-
Other related parties	-	Purchase of goods	Purchase of goods	Regular commercial terms	-	5,469	0.01%	-	-	-	-	-
Other related parties	-	Receiving of services	Receiving of services	Regular commercial terms	-	10,913	4.83%	-	-	-	-	-
Florens Maritime Limited	Subsidiary of significant shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	66,874	0.29%	-	-	-	-	-
Florens Container Corporation S.A.	Subsidiary of significant shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	52	0.00%	-	-	-	-	-
Sumitomo Corporation	Minority shareholder of a subsidiary	Sale of goods	Sale of goods	Regular commercial terms	-	99,554	0.44%	-	-	-	-	-
Shaanxi Heavy Duty Automobile Co., Ltd	Minority shareholder of a subsidiary	Sale of goods	Sale of goods	Regular commercial terms	-	38,242	0.17%	-	-	-	-	-
NYK Zhenhua Logistics (Tianjin) Co., Ltd.	Joint venture	Sale of goods	Sale of goods	Regular commercial terms	-	984	0.00%	-	-	-	-	-
Guangxi South Logistics	Joint venture	Sale of goods	Sale of goods	Regular commercial terms	-	4,516	0.02%	-	-	-	-	-
Other related parties	-	Sale of goods	Sale of goods	Regular commercial terms	-	6,119	0.03%	-	-	-	-	-
Other related parties	-	Rendering of services	Rendering of services	Regular commercial terms	-	10,352	1.78%	-	-	-	-	-
Total					-	436,493	-	-	-	-	-	-

Details of substantial sales return

Nil

Projected total amount of connected transactions in the ordinary course of business during the current period by type and actual performance during the Reporting Period (if any)

Not applicable

Reason for the substantial difference between transaction prices and referential market prices (if applicable)

Not applicable

## 2. Connected Transactions Relating to Assets Acquisition and Disposal

Applicable ☐ Not applicable ☒

There were no connected transactions relating to assets acquisition and disposal of the Company at the end of the Reporting Period.



## Chapter V Significant Events

### 3. Connected Transactions Relating to Joint External Investments

Applicable ☒ Not applicable

There were no connected transactions relating to joint external investments of the Company at the end of the Reporting Period.

### 4. Claims and Liabilities among the Connected Transactions

☒ Applicable ☐ Not applicable

Whether there are non-operating claims and liabilities among the connected transactions

☒ Yes ☐ No

Claims receivable from the related party:

Unit: RMB thousand

Related party	Relationship	Related party	Operating borrowings by shareholders in same ratio	Operating borrowings by shareholders in same ratio	Operating borrowings by shareholders in same ratio	Operating borrowings by shareholders in same ratio	Operating borrowings by shareholders in same ratio	Operating borrowings by shareholders in same ratio	Operating borrowings by shareholders in same ratio
Shanghai Fengyang Real Estate Development Co., Ltd.	Associated company of the Group	Operating borrowings by shareholders in same ratio	NO	34,204	-	-	-	-	34,204
Xinyang Wood Hong Kong Co., Ltd.	Associated company of the Group	Operating borrowings by shareholders in same ratio	NO	4,084	13,916	-	-	661	18,000
Marine Subsea & Consafe Limited	Associated company of the Group	Operating borrowings by shareholders	NO	297,027	6,344	-	-	-	303,371
Nantong New Atlantic Forest Industry Ltd.	Associated company of the Group	Operating borrowings by shareholders in same ratio	NO	15,026	164,974	-	-	672	180,000
Frigstad Deepwater Holding Limited	Minority shareholder of a subsidiary	Operating borrowings by shareholders in same ratio	NO	146,493	17,032	-	-	-	163,525
Other related parties	-	-	-	6,646	-	16	-	163	6,630

Effect of claims among the connected transactions on the operating results and financial position of the Company Nil

## Chapter V Significant Events

Liabilities payable to the related party:

Unit: RMB thousand

Related Party	Relationship	Related Party	Q1 2019	Q2 2019	Q3 2019	Q4 2019	Q1 2020
Gasfin Investment S.A.	Minority shareholder of a subsidiary	Operating borrowings by shareholders in same ratio	39,661	2,297	-	-	868
Eighty Eight Dragons Limited	Minority shareholder of a subsidiary	Operating borrowings by shareholders in same ratio	182,640	-	182,640	-	2,573
Quercus Limited	Minority shareholder of a subsidiary	Operating borrowings by shareholders in same ratio	53,791	-	53,791	-	2,748
Shiny Laburnum Limited	Minority shareholder of a subsidiary	Operating borrowings by shareholders in same ratio	325	-	325	-	17
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of a subsidiary	Operating borrowings by shareholders	56,237	-	-	-	-
Shunde Binuo Sunshine Real Estate Co., Ltd	Minority shareholder of a subsidiary	Operating borrowings by shareholders	43,850	-	-	-	-

Effect of liabilities among the connected transactions on the operating results and financial position of the Company Nil

### 5. Other Connected Transactions

Applicable ☒ Not applicable

### IX. 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.

### X. 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.

## Chapter V Significant Events

### (2) Contracting

Applicable ☐ Not applicable ☒

There was no contracting of the Company during the Reporting Period.

### (3) Leasing

Applicable ☒ Not applicable ☐

For the leasing of the Group during the Reporting Period, please refer to notes IV. 8, IV. 11, IV. 14, IV. 34 and IV. 38 of "Chapter VIII Interim Financial Report (Unaudited)" in this Report.

## 2. Guarantees

Applicable ☒ Not applicable ☐

Unit: RMB thousand

External Guarantee Contractual Amount (RMB thousand)								
Name of the Guarantor	Date of Approval	Guarantee Amount	Actual Amount of External Guarantees at the Beginning of the Reporting Period	Actual Amount of External Guarantees at the End of the Reporting Period	Type of Guarantee	Guarantee Term	Whether the Guarantor is a Subsidiary of the Company	Whether the Guarantor is a Related Party of the Company
Customers and dealers of subsidiaries of CIMC Vehicle	2 April 2016	4,250,000	1 January 2016	996,400	Warranty	1-2 years	No	No
Customers and dealers of C&C Trucks and its controlling subsidiaries	2 April 2016	2,000,000	1 January 2016	180,320	Warranty	1-2 years	No	No
Total external guarantee facilities approved during the Reporting Period (A1)			681,530	Total actual amount of external guarantees during the Reporting Period (A2)				
Total external guarantee facilities approved at the end of the Reporting Period (A3)			6,250,000	Total actual balance of external guarantees at the end of the Reporting Period (A4)				

## Chapter V Significant Events

Total amount of compound guarantees								
Name of the guaranteed party	Date of approval	Guarantee amount (RMB million)	Actual amount of guarantees provided during the Reporting Period (RMB million)	Actual balance of guarantees provided at the end of the Reporting Period (RMB million)	Guarantee type	Guarantee term	Guarantee fee	Remarks
Subsidiaries of CIMC	2 April 2016	17,521,040	310,000	17,171,810	Warranty	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (B1)			310,000	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)				310,000
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (B3)			17,521,040	Total actual balance of guarantees for subsidiaries at the end of the Reporting Period (B4)				17,171,810
Subsidiary compound guarantees								
Name of the guaranteed party	Date of approval	Guarantee amount (RMB million)	Actual amount of guarantees provided during the Reporting Period (RMB million)	Actual balance of guarantees provided at the end of the Reporting Period (RMB million)	Guarantee type	Guarantee term	Guarantee fee	Remarks
Guarantee of one subsidiary for another	2 April 2016	7,963,670	350,000	4,953,090	Warranty	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (C1)			350,000	Total actual guarantee amount for subsidiaries during the Reporting Period (C2)				350,000
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (C3)			7,963,670	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)				4,953,090
Total amount of compound guarantees (in RMB million)								
Total guarantee facilities approved during the Reporting Period (A1+B1+C1)			1,341,530	Total actual guarantee amount during the Reporting Period (A2+B2+C2)				853,330
Total guarantee facilities approved at the end of the Reporting Period (A3+B3+C3)			31,734,710	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)				23,301,620
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company								84.35%
Of which:								
Guarantee amount provided to Shareholders, the de facto controller and related parties (D)								0
Debt guarantee amount provided directly or indirectly to the guaranteed party with a gearing ratio of over 70% (E)								5,000,130
Amount of total guarantee amount in excess of 50% of net assets of the Company (F)								9,488,874
Total amount of the above three guarantees (D+E+F)								14,489,004
Explanations on liabilities for guarantees incurred during the Reporting Period or possibly assuming joint settlement liabilities by the Company in respect of undue guarantees (if any)								0
Explanations on external guarantees provided in violation of prescribed requirements (if any)								0

Specific explanation of compound guarantees: non-existent

Irregular External Guarantees

Applicable ☒ Not applicable ☐

Commitment	Party	Term	Condition	Date	Commitment	Implementation
Other commitments made to the minority shareholders of the Company	The Company	Others	In accordance with the relevant regulations, domestic residents are not eligible to purchase foreign stocks directly, so after the implementation of the plan, domestic residents can only hold or sell its H Shares of the Company which they legally possess due to the change of listing location of shares of the Company, they are not eligible to subscribe for the shares of the Company and other H shares or other overseas stocks, and also after the sales of H shares of the Company, the sales income must be timely transferred to the mainland. The Company promises domestic residents that before they are free to purchase overseas stocks, the Company will not finance by means of allotment	15 August 2012	Before domestic residents are free to subscribe for overseas stocks	During the course of performance
Other commitments made to the minority shareholders of the Company	The Company	Dividend distribution	Shareholders' bonus return plan (2016 to 2018)	8 April 2016	2016 to 2018	During the course of performance
The commitment is fulfilled in a timely manner or not	Yes					
If the commitment is not fulfilled when overdue, explanations on reasons and working plans for the next step	Not applicable					

## Chapter V Significant Events

### XII. ENGAGEMENT AND DISENGAGEMENT OF FIRMS OF ACCOUNTANTS

Whether the interim financial report has been audited or not

Yes ☐ No ☒

The 2016 Interim Financial Report has not been audited. On 31 May 2016, as considered and approved at the 2015 Annual General Meeting of the Company, PricewaterhouseCoopers Zhong Tian LLP was appointed as the auditor of the Company for 2016.

### XIII. PENALTIES AND REMEDIES

Applicable ☐ Not applicable ☒

During the Reporting Period, the Company did not experience any penalties and remedies.

### XIV. RISK WARNING OF ILLEGAL AND IRREGULAR DELISTING

Applicable ☐ Not applicable ☒

During the Reporting Period, the Company had no risk relating to illegal and irregular delisting.

### XV. EXPLANATION ON OTHER MATERIAL EVENTS

1. On 31 March 2016, the Company was informed by China Shipping Container Lines Co., Ltd ("CSCL") that the transaction for its wholly-owned subsidiary China Shipping Container Lines (Hong Kong) Co., Limited ("CSHK") to purchase the 100% equity interest in Long Honour Investments Limited from COSCO (Hong Kong) Group Limited was completed on 31 March 2016. On 4 May 2016, the Company was informed by China Shipping (Group) Company ("China Shipping") that the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") gratuitously transferred its 100% interest in China Shipping to China COSCO Shipping Corporation Limited ("China COSCO Shipping"). After the Gratuitous Transfer, China COSCO Shipping indirectly held 432,171,843 A shares and 245,842,181 H shares of the Company through CSCL and its subsidiaries, as the second largest shareholder of the Company. For relevant information, please refer to the announcements (Notice No.: [CIMC] 2016-012, [CIMC] 2016-027) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com), and the announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) by the Company on 1 April 2016 and 5 May 2016.
2. On 8 April 2016, as considered and approved by the third meeting of the seventh session of the Board for 2016 of the Company, the Company proposed to issue no more than 386,263,593 new A shares (including 386,263,593 shares) at an issuance price no less than RMB13.86 per share to no more than 10 (including 10) qualified investors including domestic institutional investors and individual investors that meet the relevant requirements and conditions ("the Non-public Issuance of A Shares"). Gross proceeds shall not exceed RMB6,000 million. The Non-public Issuance of A Shares was approved at the 2015 annual general meeting, the first 2016 A shareholders' class meeting and the first 2016 H shareholders' class meeting of the Company held on 31 May 2016, which subjects to the approval of the China Securities Regulatory Commission. For relevant information, please refer to the announcements (Notice No.: [CIMC] 2016-018 and [CIMC] 2016-033) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) by the Company on 9 April 2016 and 1 June 2016, respectively.

## Chapter V Significant Events

3. On 23 May 2016, the 2011 first tranche of medium term note on the National Inter-bank Bond Market issued by the Company on 20 May 2011 was due and the Company repaid the principal and interests of such note on the maturity date. For relevant information, please refer to the announcements (Notice No.: [CIMC] 2010-039, [CIMC] 2011-015, [CIMC] 2011-016 and [CIMC] 2016-030) disclosed in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) by the Company on 16 November 2010, 10 May 2011, 19 May 2011 and 24 May 2016, respectively.
4. On 31 May 2016, the Company considered and approved the Resolution on the Registration and Issuance of Medium Term Notes (including Perpetual Medium Term Notes) and Super & Short-term Commercial Papers in the PRC at the annual general meeting of 2015 which, among others, approved the issuance by the Company of RMB medium term note with a size of not more than RMB6.0 billion. On 11 August 2016, the Company issued the first tranche of the Medium Term Note for 2016 with a size of RMB3.5 billion, a coupon rate of 3.07% and a term of three years. On 22 August 2016, the Company issued 2016 Tranche II Medium Term Notes with a size of RMB2.5 billion, a coupon rate of 3.15% and a term of three years. For relevant information, please refer to the announcements (Notice No.: [CIMC] 2016-033, [CIMC] 2016-045 and [CIMC] 2016-048) disclosed in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) by the Company on 1 June 2016, 13 August 2016 and 23 August 2016, respectively.
5. On 18 August 2016, the Company signed a strategic cooperation framework agreement with Global Logistic Properties Investment Management (China) Co., Ltd.. Under the Agreement, both parties intend to jointly develop their logistic properties business and forge a comprehensive strategic partnership based on their relevant strategic resources, so as to achieve benefits from complementary advantages and powerful alliances. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2016-047) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) by the company on 19 August 2016, and the relevant announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), respectively.
6. On 24 August 2016, the Company signed a Sales Framework Agreement with CSCL, pursuant to which the Group agreed to provide commodities (including but not limited to containers) to CSCL, and agreed on the estimated aggregate transaction amount for the year ended 31 December 2016. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2016-050) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) by the Company on 25 August 2016, and the relevant announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 24 August 2016.

## XVI. CORPORATE BONDS



## Chapter VI Changes in Share Capital and Information on Substantial Shareholders

### I. CHANGES IN SHAREHOLDINGS IN THE REPORTING PERIOD

Unit: Shares

	Previous period (As at 31 Dec 2015)			Increase / Decrease (+/-)					Present period (As at 30 Jun 2016)		
	Number	Percentage	Number	B	C	D	E	F	Number	Percentage	Number
I. Shares with selling restrictions	866,026	0.03%	21,000	0	0	0	0	21,000	887,026	0.03%	
1. State-owned shares	0	0.00%	0	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	0.00%	
3. Shares held by other domestic investors	866,026	0.03%	21,000	0	0	0	0	21,000	887,026	0.03%	
Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0	0.00%	
Shares held by domestic natural persons	866,026	0.03%	21,000	0	0	0	0	21,000	887,026	0.03%	
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0	0.00%	
Shares held by foreign legal persons	0	0.00%	0	0	0	0	0	0	0	0.00%	
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0	0.00%	
II. Shares without selling restrictions	2,976,953,660	99.97%	518,700	0	0	0	0	518,700	2,977,472,360	99.97%	
1. RMB-denominated Ordinary Shares (A Shares)	1,260,377,051	42.32%	518,700	0	0	0	0	518,700	1,260,895,751	42.34%	
2. Shares traded in non-RMB currencies and listed domestically	0	0.00%	0	0	0	0	0	0	0	0.00%	
3. Shares traded in non-RMB currencies and listed overseas (H Shares)	1,716,576,609	57.65%	0	0	0	0	0	0	1,716,576,609	57.63%	
4. Others	0	0.00%	0	0	0	0	0	0	0	0.00%	
III. Total shares	2,977,819,686	100.00%	539,700	0	0	0	0	539,700	2,978,359,386	100.00%	

#### Reasons for changes in shares

- In January 2016, the Company's vice president Mr. Liu Xuebin exercised 28,000 share options of A Shares, 75% of which (21,000 share options) were subject to selling restriction.
- During the Reporting Period, 499,600 options were exercised during the second exercisable period for the First Tranche of Share Options (including the options exercised by Mr. Liu Xuebin), and 40,100 options were exercised during the second exercisable period for the Second Tranche of Share Options, that is, totaling 539,700 share options were exercised.

#### Approval for changes in share capital

Applicable ☐ Not applicable ☒

## Chapter VI Changes in Share Capital and Information on Substantial Shareholders

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

## Chapter VI Changes in Share Capital and Information on Substantial Shareholders

### II. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE COMPANY

As at 30 June 2016, the total number of Shareholders of the Company was 82,489, including: 12 holders of H Shares and 82,477 holders of A Shares.

Unit: Shares

Table 1: Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
Shareholders and Shareholdings as at 30 June 2016 (Unit: A Share: 82,477, H Share: 12)									
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Shareholders and Shareholdings as at 30 June									

## Chapter VI Changes in Share Capital and Information on Substantial Shareholders

Shareholders holding 1% or more of the total shares of the Company				
Name of Shareholder	Registered Capital	Total Shares Held	Type of Shares	Number of Shares
HKSCC Nominees Limited	1,573,365,259		Overseas listed foreign shares	1,573,365,259
COSCO Container Industries Limited	432,171,843		RMB-denominated ordinary shares	432,171,843
COSCO Container Industries Limited	65,099,638		Overseas listed foreign shares	65,099,638
China Securities Finance Corporation Limited	88,103,367		RMB-denominated ordinary shares	88,103,367
Broad Ride Limited	77,948,412		Overseas listed foreign shares	77,948,412
Central Huijin Asset Management Ltd.	37,993,800		RMB-denominated ordinary shares	37,993,800
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	9,566,600		RMB-denominated ordinary shares	9,566,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	9,566,600		RMB-denominated ordinary shares	9,566,600
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	9,566,600		RMB-denominated ordinary shares	9,566,600
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	9,566,600		RMB-denominated ordinary shares	9,566,600
Harvest Fund – Agricultural Bank -Harvest China Securities and Financial Assets Management Program	9,566,600		RMB-denominated ordinary shares	9,566,600
The relationship or concerted action between the top ten Shareholders of circulating shares without selling restrictions, or the top ten Shareholders of circulating shares without selling restrictions and the top ten Shareholders		Unknown		
Explanation on the top ten ordinary Shareholders participating in financing securities business (if any)		Nil		

Whether the top ten ordinary Shareholders and the top ten ordinary Shareholders without selling restrictions conducted any agreed repurchase transactions during the Reporting Period

Yes ☐ No ☒

## Chapter VI Changes in Share Capital and Information on Substantial Shareholders

### III. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS UNDER THE SECURITIES AND FUTURES ORDINANCE OF HONG KONG

As far as the Directors were aware, as at 30 June 2016, 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 Securities and Futures Ordinance are as follows:

Name of Shareholder	Number of Shares	Number of Shares (L)	Capacity	Percentage of Shares	Percentage of Shares
				of the Issued Shares (%)	of the Issued Shares (%)
China Merchants Group Limited ("CMM Group") <sup>1</sup>	H Shares	728,809,817 (L)	Interest of corporation controlled by the substantial Shareholder	42.46%	24.47%
China COSCO Shipping Corporation Limited ("China COSCO Shipping") <sup>2</sup>	A Shares	432,171,843 (L)	Interest of corporation controlled by the substantial Shareholder	34.25%	14.51%
	H Shares	245,842,181 (L)	Interest of corporation controlled by the substantial Shareholder	14.32%	8.25%
Hony Group Management Limited <sup>3</sup>	H Shares	358,251,896 (L)	Interest of corporation controlled by the substantial Shareholder	20.87%	12.03%
Broad Ride Limited <sup>3</sup>	H Shares	215,203,846 (L)	Beneficial owner	12.54%	7.23%
	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%
Templeton Asset Management Ltd.	H Shares	97,132,767 (L)	Investment manager	5.66%	3.26%

(L) Long Position

Note 1: CM Group, through various subsidiaries (including China Merchants Port Holdings Company Limited (formerly known as China Merchants Holdings (International) Company Limited), and China Merchants (CIMC) Investment Limited etc.) had an interest in the H Shares of the Company, and all the 728,809,817 H Shares (long position) were held in the capacity as interest of corporation controlled by the substantial Shareholder.

Note 2: China COSCO Shipping, through various subsidiaries (including China Shipping (Group) Company, China Shipping Container Lines Co., Ltd., Long Honour Investment Limited and COSCO Container Industries Limited etc.), had an interest in the A Shares and H Shares of the Company, and 432,171,843 A Shares and 245,842,181 H Shares (long position) were held in the capacity as interest of corporation controlled by the substantial Shareholder.

Note 3: Honky Group Management Limited, through various subsidiaries (including Broad Ride Limited), had an interest in the H Shares of the Company, and 215,203,846 H Shares (long position) were held in the capacity as interest of corporation controlled by the substantial Shareholder and 143,048,050 H Shares were held in the capacity as person having security interest in shares.

Save as disclosed above and so far as the Directors are aware, as at 30 June 2016, no other person (other than a Director, Supervisor or senior management of the Company) had any interests recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

## Chapter VI Changes in Share Capital and Information on Substantial Shareholders

### IV. CHANGES OF SUBSTANTIAL SHAREHOLDERS, CONTROLLING SHAREHOLDERS OR DE FACTO CONTROLLER

#### 1. Change of Controlling Shareholders during the Reporting Period

Applicable ☐ Not applicable ☒

There is no controlling Shareholder of the Company, no change during the Reporting Period.

#### 2. Change of the De Facto Controller during the Reporting Period

Applicable ☐ Not applicable ☒

There is no de facto controller of the Company, no change during the Reporting Period.

#### 3. Substantial Shareholders

The substantial Shareholders of the Company are CM Group and China COSCO Shipping.

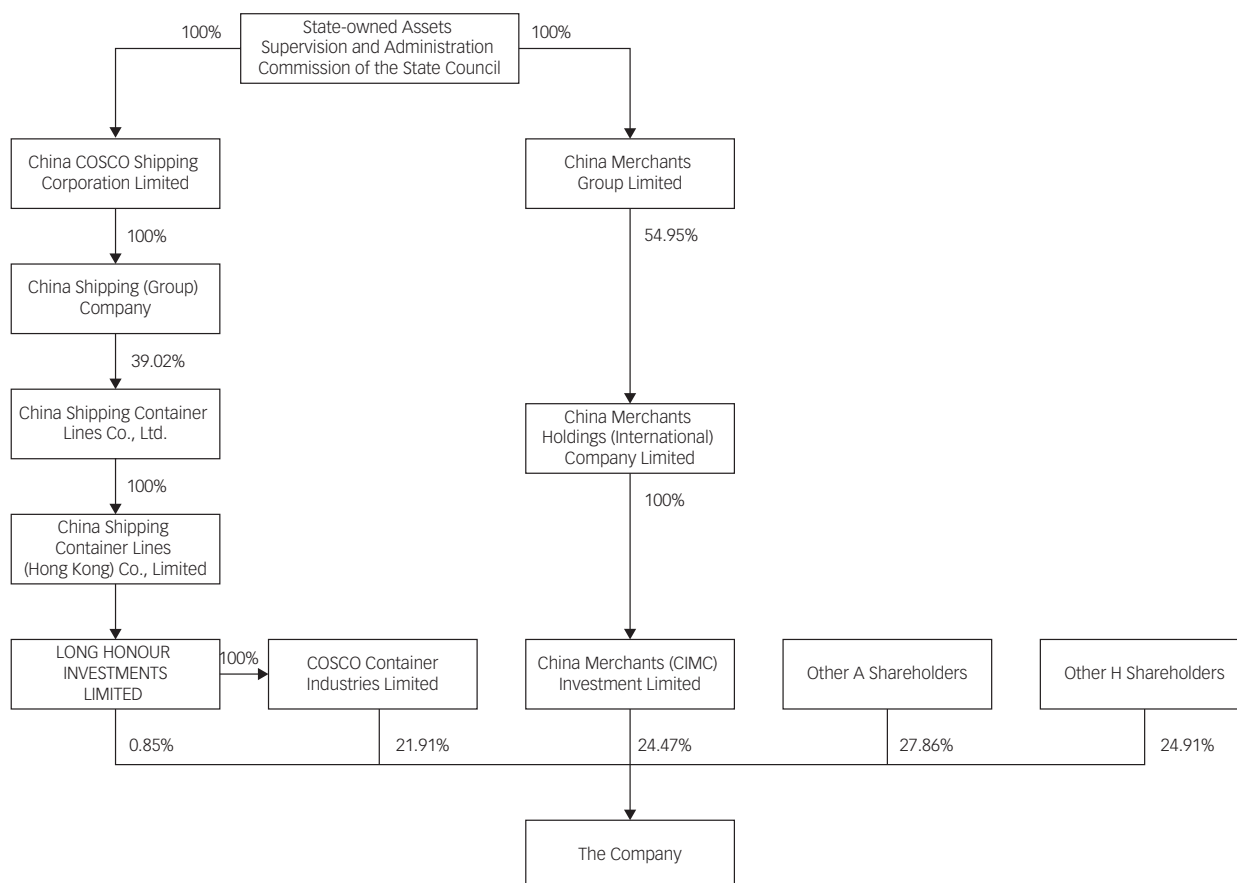
CM Group was incorporated on 14 October 1986 in the PRC. Its registered capital is RMB10,050 million and its chairman of the board of directors is Li Jianhong. CM Group's three core business sectors focus on the construction, operation and service in respect of transportation and related infrastructure (ports, toll roads, energy transportation and logistics), financial investment and management, property development and management. As of the end of the Reporting Period, CM Group, the first largest substantial shareholder of the Company, through its subsidiaries (including China Merchants Port Holdings Company Limited (formerly known as China Merchants Holdings (International) Company Limited) and China Merchants (CIMC) Investment Limited etc.) held 24.47% of the issued shares of the Company.

China COSCO Shipping was incorporated on 5 February 2016 in the PRC. Its registered capital is RMB11 billion and its legal representative is Xu Lirong. China COSCO Shipping will take shipping, integrated logistics and related financial service as the pillar to provide global integrated logistics supply chain services among various industrial clusters. As of the end of the Reporting Period, China COSCO Shipping, the second largest substantial shareholder of the Company, through its subsidiaries (including China Shipping (Group) Company, China Shipping Container Lines Co., Ltd., Long Honour Investment Limited and COSCO Container Industries Limited etc.) held 22.76% of the issued shares of the Company.

Except for the abovementioned CM Group and China COSCO Shipping, no other legal person or individual holds 10% or more of the total issued share capital of the Company (excluding HKSCC Nominees Limited).

## Chapter VI Changes in Share Capital and Information on Substantial Shareholders

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



### V. SHARE PURCHASING PLAN PROPOSED OR IMPLEMENTED BY SHAREHOLDERS OR PERSONS ACTING IN CONCERT WITH THEM DURING THE REPORTING PERIOD

√ Applicable      Not applicable

Name of Shareholder or Person Acting in Concert with them	Number of Shares Purchased		Percentage of Total Shares		Number of Shares Sold		Percentage of Total Shares		Details of the Plan	
	Number	Percentage	Number	Percentage	Number	Percentage	Number	Percentage	Details of the Plan	Details of the Plan
China Merchants Port Holdings Company Limited (formerly known as China Merchants Holdings (International) Company Limited)										
	H shares	Not applicable	Not applicable		41,530,100	1.39%	Not applicable	Not applicable		



## Chapter VI Changes in Share Capital and Information on Substantial Shareholders

### VI. REPURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company or any of its subsidiaries did not repurchase, sell or redeem any of the listed securities of the Company or any of its subsidiaries during the Reporting Period.

### VII. SUFFICIENCY OF PUBLIC FLOAT

Based on the public information available to the Company and as far as the Board of the Company were aware, the Directors confirm that, the minimum public float of the Company as at the date of this Report has satisfied the requirements of the Hong Kong Listing Rules.

### VIII. RELEVANT INFORMATION ABOUT PREFERRED SHARES

Applicable    ☒ Not applicable

The Company has never issued preferred shares.

## Chapter VII Information on Directors, Supervisors and Senior Management

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

√ Applicable      Not applicable

Name	Position	Status	Category of Shares	Shareholdings		Changes		Short Positions		Total	
				Current	Change	Current	Change	Current	Change	Current	Change
Liu Xuebin	Vice president	Current	A Shares	100,000	28,000	0	128,000	0	0	0	0

### II. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARE CAPITAL OF THE COMPANY AND ASSOCIATED CORPORATION THEREOF

As at 30 June 2016, the interests and short positions held by the Directors, Supervisors and chief executives of Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) pursuant to Part XV of the SFO 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 the Directors or Supervisors of the Company are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the Hong Kong Stock Exchange in accordance with the Model Code contained in Appendix 10 of the Hong Kong Listing Rules, were as follows:

#### 1. Interest in the Shares of the Company:

Name	Nature of Interest	Category of Shares	Number of Shares
Mai Boliang	Beneficial interest	A Shares	494,702

#### 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 of 30 June 2016, please refer to "VII. Implementation and Effect of the Company's Share Option Incentive Scheme" under "Chapter V Significant Events" in this Report.

## Chapter VII Information on Directors, Supervisors and Senior Management

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

Name	Associated Corporation	Nature of Interest	Number of Shares
Mai Boliang	CIMC Vehicle (Group) Co., Limited	Beneficiary of a trust	10,350,000
Mai Boliang	CIMC Enric	Beneficial interest	3,260,000

Save as disclosed above, as at 30 June 2016, 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.

### III. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

During the Reporting Period, changes of Directors, Supervisors and senior management of the Company are set out below:

Name	Position	Term	Date	Remarks
Wang Hong	Chairman and Non-executive Director	Election	31 May 2016	Re-election
	Vice Chairman and	Retirement upon		Retirement upon
Zhang Liang	Non-executive Director	expiry of the term	31 May 2016	expiry of the term
Mai Boliang	Executive Director	Election	31 May 2016	Re-election
		Retirement upon		Retirement upon
Wu Shuxiong	Non-executive Director	expiry of the term	31 May 2016	expiry of the term
Pan Chengwei	Independent Non-executive Director	Election	31 May 2016	Re-election
Wang Guixun	Independent Non-executive Director	Election	31 May 2016	Re-election
		Retirement upon		Retirement upon
Li Kejun	Independent Non-executive Director	expiry of the term	31 May 2016	expiry of the term
		Retirement upon		Retirement upon
He Jiale	Chief Supervisor	expiry of the term	31 May 2016	expiry of the term
		Retirement upon		Retirement upon
Wang Zhixian	Supervisor	expiry of the term	31 May 2016	expiry of the term
Xiong Bo	Supervisor	Election	31 May 2016	Re-election
	Vice Chairman and			
Wang Yuhang	Non-executive Director	Election	31 May 2016	Election
Wang Zhixian	Non-executive Director	Election	31 May 2016	Election
Liu Chong	Non-executive Director	Election	31 May 2016	Election
Pan Zhengqi	Independent Non-executive Director	Election	31 May 2016	Election
Lin Wuliu	Supervisor	Election	31 May 2016	Election
Zhang Mingwen	Supervisor	Election	31 May 2016	Election
	General Manager of Fund	Retirement upon		Retirement upon
Zeng Beihua	Management Department	expiry of the term	28 March 2016	expiry of the term
	General Manager of Fund			
Yang Rong	Management Department	Appointment	28 March 2016	Appointment

## Chapter VII Information on Directors, Supervisors and Senior Management

During the Reporting Period, Board and Supervisory Board completed re-election successfully respectively. For details, please refer to “The Board” and “The Supervisory Committee” in “II. Corporate Governance” under “Chapter V Significant Events” in this Report and the relevant announcement published on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), on the websites of Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cimc.com](http://www.cimc.com)) on 1 June 2016.

### IV. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

There is no change in information of the current Directors and the current Supervisors of the Company during the Reporting Period. The details of their biographies and job status in Shareholders’ Company were published in China Securities Journal, Shanghai Securities News and Securities Times and on Cninfo website (<http://www.cninfo.com.cn>), the Company’s website (<http://www.cimc.com>) and the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) on 9 April 2016.

## Chapter VIII Interim Financial Report (Unaudited)

### I. AUDIT REPORT

Whether the interim report has been audited or not

Yes No

The 2016 interim financial report of the Company has not been audited.

### II. FINANCIAL STATEMENTS

The financial statements for the period from 1 January 2016 to 30 June 2016

The unit used in the notes to the financial statements is: RMB thousand.

## Consolidated Balance Sheet

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 J 2016	31 December 2015
<b>ASSETS</b>			
<b>C r r a :</b>			
Cash at bank and on hand	IV.1	5,041,751	4,487,166
Financial assets at fair value through profit or loss	IV.2	144,998	133,294
Notes receivable	IV.3	870,776	1,369,632
Accounts receivable	IV.4	11,461,760	10,667,049
Advance to suppliers	IV.6	2,355,154	3,290,194
Interest receivable		8,708	10,842
Dividend receivable		8,968	12,345
Other receivables	IV.5	3,918,654	3,253,650
Inventories	IV.7	17,229,834	16,416,646
Current portion of non-current assets	IV.8	3,262,995	3,228,668
Other current assets	IV.9	672,933	660,839
<b>T a r r a</b>		<b>44,976,531</b>	43,530,325
<b>N - r r a</b>			
Financial assets at fair value through profit or loss	IV.2	14,581	19,755
Available-for-sale financial assets	IV.10	464,687	420,858
Long-term receivables	IV.11	14,525,793	12,734,564
Long-term equity investments	IV.12	2,001,007	2,036,367
Investment properties	IV.13	507,971	438,814
Fixed assets	IV.14	21,574,273	21,848,053
Construction in progress	IV.15	21,682,665	17,040,388
Disposal of fixed assets	IV.16	153,854	99,506
Intangible assets	IV.17	4,900,208	4,983,558
Development costs	IV.17	41,076	22,966
Goodwill	IV.18	2,382,436	1,762,141
Long-term prepaid expenses	IV.19	314,602	165,711
Deferred tax assets	IV.20	1,135,169	1,194,462
Other non-current assets	IV.21	125,064	465,703
<b>T a - r r a</b>		<b>69,823,386</b>	63,232,846
<b>TOTAL ASSETS</b>		<b>114,799,917</b>	106,763,171

## Chapter VIII Interim Financial Report (Unaudited)

### Consolidated Balance Sheet (Continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 J 2016	31 December 2015
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>C r r a :</b>			
Short-term borrowings	IV.24	18,155,292	17,909,024
Financial liabilities at fair value through profit or loss	IV.25	120,442	250,769
Notes payable	IV.26	1,857,003	1,749,077
Accounts payable	IV.27	9,943,237	8,893,005
Advances from customers	IV.28	3,310,861	2,763,511
Employee benefits payable	IV.29	1,784,053	2,234,271
Taxes payable	IV.30	594,169	923,137
Interest payable	IV.31	115,691	216,374
Dividends payable	IV.32	698,471	56,034
Other payables	IV.33	5,624,500	5,285,014
Provisions	IV.34	1,002,498	875,498
Current portion of non-current liabilities	IV.35	801,887	4,765,523
Other current liabilities	IV.36	4,053,786	—
<b>T a r r a</b>		<b>48,061,890</b>	45,921,237
<b>N - r r a :</b>			
Financial liabilities at fair value through profit or loss	IV.25	54,400	55,471
Long-term borrowings	IV.37	29,041,014	23,684,838
Long-term payables	IV.38	621,201	550,136
Payables for specific projects	IV.39	4,961	5,834
Deferred income	IV.40	578,559	511,662
Deferred tax liabilities	IV.20	521,322	467,482
Other non-current liabilities	IV.41	1,562,882	71,635
<b>T a - r r a</b>		<b>32,384,339</b>	25,347,058
<b>T a a</b>		<b>80,446,229</b>	71,268,295
<b>S a r r ' , :</b>			
Share capital	IV.42	2,978,359	2,977,820
Other equity instruments	IV.43	1,981,143	2,033,043
Capital surplus	IV.44	3,127,388	3,181,863
Other comprehensive income	IV.45	(243,364)	(518,130)
Surplus reserve	IV.46	3,203,578	3,203,578
Undistributed profits	IV.47	16,578,389	17,663,145
<b>T a , a r a a r r ' , a ,</b>		<b>27,625,493</b>	28,541,319
<b>M r , r</b>		<b>6,728,195</b>	6,953,557
<b>T a ,</b>		<b>34,353,688</b>	35,494,876
<b>T a a a a r r ' ,</b>		<b>114,799,917</b>	106,763,171

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

The person in charge  
of the Company: WANG HongThe person in charge of  
accounting affairs: JIN JianlongThe head of the accounting  
department: JIN Jianlong

## Chapter VIII Interim Financial Report (Unaudited)

### Balance Sheet

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 J 2016	31 December 2015
<b>A</b>			
<b>C      a</b>			
Cash at bank and on hand	XVI.1	1,274,775	1,597,446
Dividends receivable	XVI.2	4,780,271	4,604,445
Other receivables	XVI.3	12,867,911	12,363,102
Other current assets		12,511	16,264
<b>T a      a</b>		<b>18,935,468</b>	18,581,257
<b>N   -      a</b>			
Available-for-sale financial assets	XVI.4	388,905	388,905
Long-term equity investments	XVI.5	8,522,688	8,509,530
Fixed assets		104,967	106,808
Construction in progress		3,928	4,031
Intangible assets		14,595	14,724
Long-term prepaid expenses		12,353	14,782
Deferred tax assets	XVI.13	188,480	216,448
<b>T a   -      a</b>		<b>9,235,916</b>	9,255,228
<b>T a a</b>		<b>28,171,384</b>	27,836,485



## Chapter VIII Interim Financial Report (Unaudited)

### Balance Sheet (Continued)

As at 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 J 2016	31 December 2015
<b>L a a S a r</b>			
<b>C f f a</b>			
Short-term borrowings		4,220,000	–
Accounts payable		5,678	15,837
Employee benefits payable	XVI.7	741,651	851,536
Taxes payable	XVI.8	4,195	12,820
Interest payable	XVI.9	19,742	129,200
Dividends payable		658,306	–
Other payables	XVI.10	7,756,556	7,583,245
Current portion of non-current liabilities	XVI.11	600,000	4,059,881
<b>T a f f a</b>		<b>14,006,128</b>	12,652,519
<b>N - f f a</b>			
Financial liabilities at fair value through profit or loss	XVI.6	12,270	14,256
Long-term borrowings	XVI.12	1,821,000	2,215,000
Deferred income		18,300	13,800
<b>T a - f f a</b>		<b>1,851,570</b>	2,243,056
<b>T a a</b>		<b>15,857,698</b>	14,895,575
<b>S a r</b>			
Share capital	IV.42	2,978,359	2,977,820
Capital surplus		1,981,143	2,033,043
Other equity instruments	XVI.14	3,285,069	3,279,575
Other comprehensive income	XVI.15	43,754	43,754
Surplus reserve	IV.46	3,203,578	3,203,578
Undistributed profits		821,783	1,403,140
<b>T a</b>		<b>12,313,686</b>	12,940,910
<b>T a a a S a r</b>		<b>28,171,384</b>	27,836,485

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

The person in charge  
of the Company: WANG Hong

The person in charge of  
accounting affairs: JIN Jianlong

The head of the accounting  
department: JIN Jianlong

## Chapter VIII Interim Financial Report (Unaudited)

## Consolidated Income Statement

For the period ended 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
<b>I. Revenue</b>	IV.48	<b>23,542,843</b>	32,637,289
Less: Cost of sales	IV.48	<b>19,126,496</b>	27,519,280
Taxes and surcharges	IV.49	<b>194,236</b>	148,211
Selling and distribution expenses	IV.50	<b>1,036,129</b>	1,265,718
General and administrative expenses	IV.51	<b>1,982,301</b>	2,219,357
Financial expenses-net	IV.52	<b>304,944</b>	217,131
Asset impairment losses	IV.56	<b>1,267,501</b>	135,530
Add: (Loss)/profit from changes in fair value	IV.54	<b>137,104</b>	149,699
Investment Income	IV.55	<b>(87,328)</b>	744,983
Including: Share of profit/(losses) of associates and joint ventures		<b>13,800</b>	159,794
<b>II. Operating income</b>		<b>(318,988)</b>	2,026,744
Add: Non-operating income	IV.57	<b>167,289</b>	82,542
Including: Profits on disposal of non-current assets		<b>6,153</b>	5,514
Less: Non-operating expenses	IV.58	<b>14,145</b>	31,808
Including: Losses on disposal of non-current assets		<b>9,485</b>	23,891
<b>III. Tax expense</b>		<b>(165,844)</b>	2,077,478
Less: Income tax expenses	IV.59	<b>375,316</b>	425,068
<b>IV. Net profit</b>		<b>(541,160)</b>	1,652,410
Attributable to equity holders of the Company		<b>(378,034)</b>	1,518,195
Minority interests		<b>(163,126)</b>	134,215
<b>V. Other comprehensive income/(loss), net</b>	IV.45	<b>328,231</b>	(63,823)
Attributable to shareholders and other equity holders of the Company		<b>274,766</b>	(51,516)
Items that may be reclassified subsequently to profit or loss		<b>274,766</b>	(51,516)
Change in value of available-for-sale financial assets		<b>949</b>	(2,183)
Gain of cash flow hedges		<b>(490)</b>	5,256
Currency translation differences		<b>274,307</b>	(54,589)
Minority interests		<b>53,465</b>	(12,307)
<b>VI. Total comprehensive income/(loss)</b>		<b>(212,929)</b>	1,588,587
Attributable to equity holders of the Company		<b>(103,268)</b>	1,466,679
Minority interests		<b>(109,661)</b>	121,908
<b>VII. Earnings per share</b>			
(I) Basic earnings per share (RMB)	IV.60	<b>(0.1444)</b>	0.5681
(II) Diluted earnings per share (RMB)	IV.60	<b>(0.1444)</b>	0.5627

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

The person in charge  
of the Company: WANG HongThe person in charge of  
accounting affairs: JIN JianlongThe head of the accounting  
department: JIN Jianlong

## Chapter VIII Interim Financial Report (Unaudited)

### Income Statement

For the period ended 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
<b>I. Revenue</b>	XVI.16	<b>69,104</b>	149,885
Less: Cost of sales	XVI.16	<b>24,006</b>	—
Tax and surcharges		<b>3,373</b>	12,340
General and administrative expenses		<b>109,800</b>	247,610
Financial expenses-net		<b>(99,572)</b>	164,841
Add: Profit/(losses) from changes in fair value	XVI.17	<b>1,985</b>	(77,854)
Investment income	XVI.18	<b>118,963</b>	121,809
<b>II. Operating Profit (Loss)</b>		<b>152,445</b>	(230,951)
Add: Non-operating income	XVI.19	<b>1,137</b>	7,334
Including: Profits on disposal of non-current assets		<b>116</b>	—
Less: Non-operating Expenses		<b>249</b>	262
Including: Losses on disposal of non-current assets		<b>1</b>	62
<b>III. Tax Profit (Loss)</b>		<b>153,333</b>	(223,879)
Less: Income tax expenses	XVI.20	<b>27,968</b>	(49,364)
<b>IV. Net Profit (Loss)</b>		<b>125,365</b>	(174,515)
<b>V. Other Comprehensive Income (Loss)</b>	XVI.15	—	—
<b>VI. Total Comprehensive Income (Loss)</b>		<b>125,365</b>	(174,515)

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

The person in charge  
of the Company: WANG Hong

The person in charge of  
accounting affairs: JIN Jianlong

The head of the accounting  
department: JIN Jianlong



## Chapter VIII Interim Financial Report (Unaudited)

### Consolidated Cash Flow Statement (Continued)

For the period ended 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
<b>III. Cash and cash equivalents</b>		<b>1,542,157</b>	48,785
Cash received from capital contributions			
Including: Cash received from capital contributions by minority shareholders of subsidiaries		<b>1,518,444</b>	48,785
Cash received from borrowings		<b>79,171,819</b>	59,806,957
Cash received relating to other financing activities	IV.61(4)	<b>2,428</b>	2,150,000
<b>S - a a</b>		<b>80,716,404</b>	62,005,742
Cash repayments of borrowings		<b>73,846,942</b>	54,798,438
Cash payments for interest expenses and distribution of dividends or profits		<b>1,178,176</b>	902,078
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		<b>47,147</b>	148,919
Cash payments relating to other financing activities	IV.61(5)	<b>120,376</b>	125,113
<b>S - a a</b>		<b>75,145,494</b>	55,825,629
<b>N a ( ) / a a</b>		<b>5,570,910</b>	6,180,113
<b>IV. E a a a a a</b>		<b>(76,929)</b>	(17,509)
<b>V. N a a a a</b>	IV.62(1)	<b>1,051,436</b>	621,724
Add: Cash and cash equivalents at beginning of year		<b>3,259,123</b>	2,758,310
<b>VI. Ca a a a</b>	IV.62(3)	<b>4,310,559</b>	3,380,034

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

The person in charge

of the Company: WANvCompany: W2Ronghe Co18./Spany:darge

## Chapter VIII Interim Financial Report (Unaudited)

## Cash Flow Statement

For the period ended 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
<b>I. Cash flows from operating activities:</b>			
Cash received from sales of goods or rendering of services		74,196	136,694
Cash received relating to other operating activities		3,026,963	9,800,681
<b>S - a a</b>		<b>3,101,159</b>	9,937,375
Cash paid for goods and services		38,246	—
Cash paid to and on behalf of employees		153,809	52,924
Payments of taxes and surcharges		27,955	23,689
Cash paid relating to other operating activities		3,246,351	10,471,405
<b>S - a a</b>		<b>3,466,361</b>	10,548,018
<b>Net cash/( ) from operating activities</b>	XVI.21	<b>(365,202)</b>	(610,643)
<b>II. Cash flows from investing activities:</b>			
Cash received from disposal of investments			155,458
Cash received from returns on investments		8,000	118,681
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		2,261	800
Net cash received from disposal of subsidiaries			315,000
<b>S - a a</b>		<b>10,261</b>	589,939
Cash paid to acquire fixed assets and other long-term assets		6,962	1,453
Cash paid to acquire investments			82,315
<b>S - a a</b>		<b>6,962</b>	83,768
<b>Net cash/( ) from investing activities</b>		<b>3,299</b>	506,171
<b>III. Cash flows from financing activities:</b>			
Cash received from borrowings		4,426,000	795,000
Cash received from capital contributions		23,712	—
Cash received relating to other financing activities			2,000,000
<b>S - a a</b>		<b>4,449,712</b>	2,795,000
Cash repayments of borrowings		4,061,000	2,392,000
Cash payments for interest expenses and distribution of dividends or profits		349,716	329,985
Cash payments relating to other financing activities			30,530
<b>S - a a</b>		<b>4,410,716</b>	2,752,515
<b>Net cash/( ) from financing activities</b>		<b>38,996</b>	42,485
<b>IV. Effect of exchange rate changes on cash and cash equivalents</b>		<b>182</b>	849
<b>V. Net ( )/ a a a a</b>	XVI.21	<b>(322,725)</b>	(61,138)
Add: cash and cash equivalents at beginning of year		652,865	831,212
<b>VI. Ca a a a 30 J 2013</b>	XVI.21	<b>330,140</b>	770,074

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

The person in charge  
of the Company: WANG HongThe person in charge of  
accounting affairs: JIN JianlongThe head of the accounting  
department: JIN Jianlong

## Chapter VIII Interim Financial Report (Unaudited)

## Consolidated Statement of Changes in Shareholders' Equity

For the period ended 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

I -	Note	F r o m 1 J a n . 2 0 1 6										2015					
		A t t r i b u t a b l e t o e q u i t y h o l d e r s o f t h e c o m p a n y					T o t a l					A t t r i b u t a b l e t o e q u i t y h o l d e r s o f t h e c o m p a n y					
		S t a r t i n g b a l a n c e	C a p i t a l	O t h e r c o m p r e h e n s i v e i n c o m e	S u p l u s	T a c k e d u p	M i n o r i t y i n t e r e s t	S t a t e c a p i t a l	O t h e r e q u i t y i n s t r u m e n t s	C a p i t a l s u r p l u s	O t h e r c o m p r e h e n s i v e i n c o m e	S u r p l u s r e s e r v e	U n d i s t r i b u t e d p r o f i t s	M i n o r i t y i n t e r e s t	T o t a l s h a r e h o l d e r s' e q u i t y		
I. B a s e a t 3 1 D e c . 2 0 1 5		2,977,820	2,033,043	3,181,863	(518,130)	3,203,578	17,663,145	6,953,557	35,494,876	2,672,629	-	686,506	(847,187)	3,126,406	16,651,960	4,991,801	27,282,115
II. B a s e 1 J a n . 2 0 1 6		2,977,820	2,033,043	3,181,863	(518,130)	3,203,578	17,663,145	6,953,557	35,494,876	2,672,629	-	686,506	(847,187)	3,126,406	16,651,960	4,991,801	27,282,115
III. M o v e m e n t f o r t h e p e r i o d e n d e d 3 0 J u n e 2 0 1 6																	
(i) T o t a l c o m p r e h e n s i v e i n c o m e																	
1. N e t p r o f i t	IV.5		51,900				(429,934)	(163,126)	(541,160)	-	51,900	-	-	-	1,922,105	297,956	2,271,961
2. O t h e r c o m p r e h e n s i v e i n c o m e				274,766				53,466	328,232	-	-	-	329,157	-	-	(9,639)	319,418
S - a t 3 0 J u n e 2 0 1 6			51,900		274,766		(429,934)	(109,660)	(212,928)	-	51,900	-	329,157	-	1,922,105	288,317	2,591,379
(ii) C a p i t a l c o n t r i b u t i o n a n d w i t h d r a w a l b y o w n e r s																	
1. C o n t r i b u t i o n b y o w n e r s	IV.2									286,096	-	2,941,543	-	-	-	-	3,227,639
2. I n c r e a s e i n c a p i t a l s u r p l u s r e s u l t i n g f r o m s t a t e o p t i o n e x e r c i s e d b y c o m p a n y																	
3. C o n t r i b u t i o n b y m i n o r i t y s h a r e h o l d e r s	IV.2	539		9,220					9,759	19,095	-	201,245	-	-	-	-	220,340
4. I n c r e a s e i n m i n o r i t y i n t e r e s t r e s u l t i n g f r o m a c q u i s i t i o n o r e s t a b l i s h m e n t o f s u b s i d i a r y																	
5. D e c r e a s e i n c a p i t a l s u r p l u s r e s u l t i n g f r o m a c q u i s i t i o n o f m i n o r i t y i n t e r e s t	IV.4			226,093				98,607	324,700	-	-	106,284	-	-	-	1,478,518	1,584,802
6. D i s p o s a l o f s u b s i d i a r i e s w i t h o u t l o s e c o n t r o l																	
7. I n c r e a s e i n c a p i t a l s u r p l u s r e s u l t i n g f r o m s t a t e o p t i o n e x e r c i s e d b y s u b s i d i a r y	IV.4			51				(129,763)	(129,712)	-	-	(4)	-	-	-	(77,426)	(77,430)
8. I n c r e a s e i n s h a r e h o l d e r s' e q u i t y r e s u l t i n g f r o m S t a t e - b a s e d p a y m e n t s				878				2,548	3,426	-	-	(1,876)	-	-	-	13,274	11,398
9. I s s u i n g o f o t h e r e q u i t y i n s t r u m e n t s	IV.2			10,353				5,809	16,162	-	-	46,218	-	-	-	16,152	62,370
10. P a y m e n t o f t h e i n t e r e s t o f o t h e r e q u i t y i n s t r u m e n t s	IV.43									-	1,981,143	-	-	-	-	-	1,981,143
11. R e d e m p t i o n r i g h t g r a n t e d t o m i n o r i t y S h a r e h o l d e r s	IV.43		(103,800)						(103,800)	-	-	-	-	-	-	-	-
12. O t h e r s	IV.44			(300,000)					(300,000)	-	-	(1,249,826)	-	-	-	-	(1,249,826)
(iii) P r o f i t d i s t r i b u t i o n																	
1. A p p r o p r i a t i o n t o s u r p l u s r e s e r v e s	IV.46																
2. P r o f i t d i s t r i b u t i o n t o s h a r e h o l d e r s	IV.47						(654,822)	(92,903)	(747,725)	-	-	-	-	77,172	(77,172)	(115,699)	(949,447)
IV. B a s e a t 3 0 J u n e 2 0 1 6		2,978,359	1,981,143	3,127,388	(243,344)	3,203,578	16,578,389	6,728,195	34,353,688	2,977,820	210,043	3,181,863	(518,130)	3,203,578	17,663,145	4,933,557	35,194,876

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

The person in charge  
of the Company: WANG HongThe person in charge of  
accounting affairs: JIN JianlongThe head of the accounting  
department: JIN Jianlong

## Statement of Changes in Shareholders' Equity

For the period ended 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

I	From 1 January to 31 December 2015									
	Balance at 1 January 2015	Profit or loss	Other comprehensive income	Share of profit or loss of associates	Share of other comprehensive income of associates	Share of equity instruments of associates	Share of capital reserve of associates	Share of surplus reserve of associates	Share of undistributed profits of associates	Balance at 31 December 2015
I. Balance at 31 December 2014	2,977,820	2,033,043	43,754	1,403,140	12,940,910	2,672,629	129,788	43,754	1,594,245	7,566,822
Add: changes in accounting policies										
II. Balance at 1 January 2015	2,977,820	2,033,043	43,754	1,403,140	12,940,910	2,672,629	129,788	43,754	1,594,245	7,566,822
III. Movement during 2015										
(i) Total										
(1) Net profit	51,900			73,465	125,365				719,815	771,715
(2) Other comprehensive income										
Sub-total	51,900			73,465	125,365				719,815	771,715
(ii) Contributions by owner										
1. Increase in shareholdings equity										
2. Increase in share-based payment										
3. Increase in capital surplus resulted from share option exercised by company										
4. Issuing of other equity instruments										
5. Interest on other equity instruments										
(iii) Profit										
(i) Appropriation to surplus reserves										
(ii) Profit distribution to shareholders										
IV. Balance at 30 June 2016	2,978,359	1,981,143	43,754	3,203,578	12,313,686	2,977,820	3,279,575	43,754	3,203,578	12,940,910

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

The person in charge  
of the Company: WANG Hong

The person in charge of accounting affairs: JIN Jia

The head of the accounting department: JIN Jianlong



## Notes to the Financial Statements

For the period ended 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

### 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).

As at 30 June 2016, the company has settled the equity private placement with 286,096,100 H shares to COSCO Container Industries Co., Ltd., Broad Ride Limited and promotor Holdings Limited, the price of this private placement is HKD13.48 each share (equivalent to RMB11.28), the overall funding raised is HKD3,856,575,000 (equivalent to RMB3,227,639,000), and all funding has been collected before 30 June 2016. Please refer to Note IV.42 for details of the share capital.

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 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 manufacturing of logistic equipment and related services, marine projects, railway trucks production and property development, etc.

CIMC Enric Holdings Limited, 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, 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.

## Notes to the Financial Statements

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### 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 30 August 2016.

### 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 investment properties, fixed assets and amortisation policy of intangible assets (Note II.13, 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.33.

#### 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 Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued (hereafter collectively referred to as 'the Accounting Standards for Business Enterprises' or 'CAS') and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting (2010 revised) issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new "Companies Ordinance" of Hong Kong has commenced operation In the period. Some notes in this financial statement have been adjusted according to requirements the ordinance.

#### 2. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the period ended 30 June 2016 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as of as at 30 June 2016 and of their financial performance, cash flows and other information for the period then ended.

#### 3. Accounting year

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

## Notes to the Financial Statements

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

### 4. Recording currency

Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled.

The functional currency of the Company and its subsidiaries domiciled in PRC are Renminbi. Hong Kong and the overseas subsidiaries use local currencies as their functional currencies. Foreign currencies are defined as currency other than functional currency.

Financial statements of the Company are presented in Renminbi. For subsidiaries using currencies other than Renminbi as their functional currencies, the Company translates the financial statements of these subsidiaries into Renminbi (see Note II.8).

### 5. Business combinations

#### (1) Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities obtained are measured at the carrying amounts as recorded by the enterprise being combined at the combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of consideration paid for the combination (or the total face value of shares issued) is adjusted to capital premium in the capital reserve. If the balance of the capital premium is insufficient, any excess is adjusted to retained earnings. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. The combination date is the date on which one combining enterprise effectively obtains control of the other combining enterprises.

#### (2) Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.18). When 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other direct acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

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### 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.

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

### 6. Preparation of consolidated financial statements (Continued)

Owners' equity of subsidiaries, profit or loss and comprehensive income not attributable to the Company are recorded as minority interests, profit or loss attributable to minority shareholders and comprehensive income attributable to minority shareholders, respectively, and are presented separately within the items of owners' equity, net profit and total comprehensive income in the consolidated financial statements.

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

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

All significant inter-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity and the portion of a subsidiary's net profit and 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 unrealized 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 sells.

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.

## Notes to the Financial Statements

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### 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.

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## 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

##### (a) *Classification of 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.

##### (b) *Recognition and measurement*

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.

## Notes to the Financial Statements

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

#### 9. Financial instruments (Continued)

##### (1) Financial Assets (Continued)

###### *(b) Recognition and measurement (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.

###### *(c) Impairment of financial assets*

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 the fair value of an equity instrument is more than 20% (20% inclusive) but less than 50% of its initial investment cost. The initial investment cost of held-to-maturity equity instrument is calculated using the weighted average method.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.



## Notes to the Financial Statements

For the period ended 30 June 2016

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

### 9. Financial instruments (Continued)

#### (1) Financial Assets (Continued)

##### (c) *Impairment of financial assets (Continued)*

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value that has been recognised directly in equity is reclassified to profit or loss. If, after an impairment loss has been recognised on an available-for-sale debt instrument, the fair value of the debt instrument increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. An impairment loss recognised for an investment in an equity instrument classified as available-for-sale is reversed through equity.

When an impairment loss on an available-for-sale financial asset has occurred, the amount of loss is measured at the difference between the asset's carrying amount and the present value of its estimated future cash flows determined according to the market yield of similar financial assets and recognised in profit or loss. Once the above asset impairment loss is recognised, it will not be reversed in the subsequent periods.

Finance lease receivables are regarded as ordinary receivables when derecognised and impaired.

##### (d) *Derecognition of financial assets*

A financial assets is derecognised when one of the below criteria is met:

- the contractual rights to receive the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or
- the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the consideration received and the cumulative changes in fair value that had been recognised directly in equity, is recognised in profit or loss.

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### 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. The financial liabilities of the Group are mainly other financial liabilities, including payables, borrowings and debentures payable.

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.

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.

##### (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 consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity.

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

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

### 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.

#### (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.

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### 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, vehicles, energy, chemistry and liquid food equipment, offshore engineering, airport facilities, other business and amounts due from related parties, land lease prepayments and operating deposits according to the industry and business nature of customers and the characteristics of the receivables. As for Offshore engineering groups, the relevant receivables within credit period have lower credit risk after the grouping based on credit risk characteristics according to individual credit risk assessment and historical data. As to other groups like due from related parties, land lease prepayments operating deposits, and etc, if the credit risk is assessed low after grouping based on the assessment on credit risk and their historical loss experience, no impairment loss is recognised for those groups.

Group 1	Containers
Group 2	Road transportation vehicles
Group 3	Energy, chemical and liquid food equipment
Group 4	Airport facilities
Group 5	Logistics services
Group 6	Other business

Methods of provision for receivables assessed on a collective group basis (based on an ageing analysis, a percentage of the total balance and others).

Containers	Provision is determined based on an aging analysis (Overdue aging)
Road transportation vehicles	Provision is determined based on an aging analysis (Overdue aging)
Energy, chemical and liquid food equipment	Provision is determined based on an aging analysis (Overdue aging)
Airport facilities	Provision is determined based on an aging analysis (Overdue aging)
Logistics services	Provision is determined based on an aging analysis (Overdue aging)
Heavy truck	Provision is determined based on an aging analysis (Overdue aging)
Other business	Provision is determined based on an aging analysis (Overdue aging)
Finance lease receivables	Provision is determined based on model analysis

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## 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	Provision ratio (%)	Group 3
	1,2,4,5,6	
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.

#### (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.

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### 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 (Continued)

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.

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### 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.

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### 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.



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

### 13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model and stated in the balance sheet at cost less accumulated depreciation, amortisation and impairment losses. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property 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 in the period in which they are incurred. An investment property is depreciated or amortised, less its estimated residual value, using the straight line method over its estimated useful life, unless the investment properties are classified as held for sale (see Note II.28). For the method of impairment testing and measuring, refer to Note II.20.

The useful lives, residual value rate and depreciation/amortisation rate of each class of investment properties are as follows:

	Useful life (years)	Residual value rate (%)	Depreciation / Amortisation rate (%)
Land use rights	29-50	—	2-3.4%
Plant and buildings	20-30	10%	3-4.5%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer.

The investment property's estimated useful life, net residual value and depreciation (amortisation) method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

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### 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.

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

### 14. Fixed assets (Continued)

#### (2) Depreciation

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.28). For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. The estimated useful lives, residual values and depreciation rates of each class of fixed assets are as follows:

C a	R a P r ( a r )	D e p r a s a r a (%)	D e p r a r a (%)
Plants and buildings	20-30	10%	3-4.5%
Machinery and equipment	10-12	10%	7.5-9%
Office and other equipment	3-5	10%	18-30%
Motor vehicles	5	10%	18%
Dock, wharf	50	10%	1.8%
Offshore engineering equipment	15-30	10%	3-6%

Useful lives, residual value and depreciation methods are reviewed at least at each year-end.

#### (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.

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

#### 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.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognised amount of the borrowings.

During the capitalisation period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalised as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognised as a financial expense in the period in which they are incurred.

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

### 16. Borrowing costs (Continued)

The capitalisation period is the period from the date of commencement of capitalisation of borrowing costs to the date of cessation of capitalisation, excluding any period over which capitalisation is suspended. Capitalisation of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition, construction or production that are necessary to prepare the asset for its intended use or sale are in progress, and ceases when the assets become ready for their intended use or sale. Capitalisation of borrowing costs is suspended when the acquisition, construction or production activities are interrupted abnormally and the interruption lasts over three months.

### 17. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.20). For an intangible asset with finite useful life, its cost less residual value and impairment loss is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the asset's economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (see Note II.28).

The respective amortisation periods for such intangible assets are as follows:

	Amortisation period (year)
Land use rights	20-50
Maritime space use rights	40-50
Technological know-how and trademarks	5-10
Timber concession rights	20
Customer relationships	3-8
Customer contracts	3-4
Franchise rights	10-18

For an intangible asset with a finite useful life, review of its useful life and amortisation method is performed at each year-end, with adjustment made as appropriate.

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At balance sheet date, an impairment test will be conducted.

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

#### 17. Intangible assets (Continued)

Expenditures on an internal research and development project are classified into expenditures on the research phase and expenditures on the development phase. Research is original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding. Development is the application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products or processes before the start of commercial production or use.

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Expenditure on the research phase, such as expenditure on planned research, assessment and selection for manufacturing technique, is recognised in profit or loss in the period in which it is incurred. Before mass production, expenditure on the development phase, such as expenditure on design and test for finalized application, is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset, and to use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

#### 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.

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

### 19. Long-term prepaid expenses

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

The amortization periods for expensed are as follows:

Item	Amortization period (year)
Rental	2-10
Others	5-10

### 20. Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives, investment properties measured using the cost model 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.

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### 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.

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



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

#### 22. Share-based payments (Continued)

##### (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.

##### (4) Accounting treatment for share-based payment

###### (a) *Equity-settled share-based payments*

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.

###### (b) *Cash-settled share-based payments*

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.

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

#### 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.

##### *a. Containers and airport facilities sales revenue*

The Group recognises revenue after receive acceptance certificates from customers.

##### *b. Road transportation vehicles and heavy truck sales revenue*

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.

##### *c. Real estate sales revenue*

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.

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

#### 23. Revenue recognition (Continued)

##### (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.

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.

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

#### 23. Revenue recognition (Continued)

##### (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.

At the balance sheet date, where outcome of a transaction involving the rendering of services can be estimated reliably, revenue from the rendering of services is recognised by reference to the stage of completion of the transaction based on the progress of work performed.

Where outcome of rendering of services cannot be estimated reliably, if the costs incurred are expected to be recoverable, revenues are recognised to the extent that the costs incurred that are expected to be recoverable, and an equivalent amount is charged to profit or loss as service cost; if the costs incurred are not expected to be recoverable, the costs incurred are recognised in profit or loss and no service revenue is recognised.

For freight agencies, revenues are recognised at the ship departure date (export) or the arrival date (import). As to land freight agencies, revenues are recognised when goods have arrived at the specified location. For shipping agency: revenues are recognised at the day that ship departures.

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### 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.

###### – Basic pension insurance

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 year at the balance sheet date are classified as current liabilities.

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### 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 except for the capital contribution from the government as an investor in the Group, including refund of taxes and financial subsidies, etc.. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital

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### 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

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### 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.



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### II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

## Notes to the Financial Statements

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

#### 28. Assets held for sale and discontinued operation (Continued)

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.

#### 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%.

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

### 29. Hedge accounting (Continued)

#### 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 lesser 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.

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.

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

#### 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;
- (d) investors that have joint control or exercise significant influence over the Group;
- (e) enterprises or individuals if a party has control, joint control or significant influence over the Group.

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

### 31. Related parties (Continued)

- (j) key management personnel of the Company's parent and close family members of such individuals; and
- (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) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

### 32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following conditions:

- It engages in business activities from which it may earn revenues and incur expenses;
- Its financial performance are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance;
- The Group is able to obtain its financial information regarding financial position, financial performance and cash flows, etc.

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

### 32. Segment reporting (Continued)

Two or more operating segments may be aggregated into a single operating segment if the segments have same or similar economic characteristics, and are similar in respect of the following aspects:

- the nature of each product and service;
- the nature of production processes;
- the type or class of customers for the products and services;
- the methods used to distribute the products or provide the services;
- the legal and regulatory impact on manufacturing of products and rendering of services.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

### 33. 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 periods affected.

Notes IV.18, IX and XIV contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

#### (1) Impairment of receivables

As described in Note II.10, receivables that are measured at amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, impairment loss is recognised. Objective evidence of impairment includes observable data that comes to the attention of the Group about loss events such as a significant decline in the estimated future cash flow of an individual debtor or the portfolio of debtors, and significant changes in the financial condition that have an adverse effect on the debtor. If there has been a change in the factors used to determine the provision for impairment which indicates that the value of the receivables has recovered, the impairment loss recognised in prior years can be reversed.

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

#### 33. Critical accounting estimates and judgements (Continued)

##### (2) Provision for diminution in value of inventories

As described in Note II.11, the net realisable value of inventories is under management's regular review, and as a result, provision for diminution in value of inventories is recognised for the excess of inventories' carrying amounts over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for diminution in value of inventories. The net profit or loss may then be affected in the period when the provision for diminution in value of inventories is adjusted.

##### (3) Impairment of long-term assets

As described in Note II.20, assets such as fixed assets, intangible assets and investment properties, excluding inventories and financial asset, are reviewed at each balance sheet date to determine whether the carrying amount exceeds the recoverable amount of the assets. If any such indication exists, 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.

##### (4) Depreciation and amortisation of assets such as fixed assets, intangible assets and investment properties

As described in Note II.13, 14 and 17, investment properties, 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.

##### (5) Warranty provisions

As described in Note IV.34, the Group makes provisions under the warranties it gives on the sale of its products based mainly on the Group's recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

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

#### 33. Critical accounting estimates and judgements (Continued)

##### (6) Construction contract

As described in Note II.23, contract revenue and contract profit are recognised based on the stage of completion of a contract which is determined with reference to the proportion of the physical construction work completed to the total estimated construction work. Where a contract is completed substantially and its contract revenue and contract expenses to completion can be reliably measured, the Group estimates contract revenue and contract expenses with reference to its recent construction experience and the nature of the construction contracts. For a contract that is not completed substantially, contract revenue that should be recognised based on its stage of completion, is not recognised and disclosed in the financial statements. Therefore, at the balance sheet date, actual total contract revenue and total contract cost may be higher or lower than the estimated total contract revenue and total contract cost and any change of estimated total contract revenue and total contract cost may have financial impact on future profit or loss.

##### (7) Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account all changes in tax legislations. Deferred tax assets are recognised for tax losses not yet used and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.



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### III. TAXATION

#### 1. Main taxes categories and rates

Tax category	Tax base	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 deductible input VAT of the period, is VAT payable	6%, 11% and 17%
Business tax	Taxable revenue	5%
Urban maintenance and construction tax	Business tax payable and VAT payable	7%
Income tax	Taxable income	Note 1
The Netherlands/Australia service tax rate	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	10-19%

- (a) Pursuant to "Circular on the Launch of Pilot for the Change from Business Tax to Value-Added Tax" (Cai Shui [2016] No.36) and Annex "Pilot Proposals for the Change from Business Tax to Value-Added Tax" issued by the Ministry of Finance and the State Administration of Taxation, the launch of pilot for the change from business tax to value-added tax will be expanded nationwide. All subsidiaries of the Group's segments (Containers, Road transportation vehicles, Energy, chemical and liquid food equipment, Offshore engineering, Airport facilities equipment Logistic services, Financial business and Real estate are applicable to Value-Added Tax (VAT). The VAT rates are 17%, 6% and 11% respectively except small-scale taxpayers.

Note 1: The income tax rates applicable to the Group for the period are as follows:

	2016	2015
The Company	25%	25%
Subsidiaries registered in China	15-25%	15-25%
Subsidiaries registered in Hong Kong	16.5%-25%	16.5%-25%
Subsidiaries registered in British Virgin Islands	-	-
Subsidiary registered in Suriname	36%	36%
Subsidiary registered in Cambodia	20%	20%
Subsidiary registered in US	15-35%	15-35%
Subsidiary registered in Germany	15.83-31.6%	15.83-31.6%
Subsidiary registered in Britain	20%	21%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25.5%	25.5%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	23.5%	24.5%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	20%	20%
Subsidiary registered in Singapore	17%	17%
Subsidiary registered in Sweden	26.3%	26.3%

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### III. TAXATION (CONTINUED)

#### 2. Preferential tax treatments

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

No.	Name of Subsidiary	Preferential Tax Rate		Remarks
		2016	2015	
1	Shenzhen CIMC – Tianda Airport Support Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
2	Shenzhen CIMC Intelligent Technology Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
3	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in the period entitled to 15% preferential rate
4	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
5	Dalian CIMC Logistics Equipment Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
6	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
7	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
8	Zhumadian CIMC Huajun Casting Co. Ltd.	25%	15%	Recognised as high-tech enterprises, in the period entitled to 15% preferential rate
9	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
10	Enric (Bengbu) Compressor Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
11	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
12	Enric (Langfang) Energy Equipment Integration Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, in the period entitled to 15% preferential rate

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### III. TAXATION (CONTINUED)

#### 2. Preferential tax treatments (Continued)

No.	Name of the Company	Local Corporate Income Tax Rate		Reason
		2016	2015	
13	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Continue to be recognised as high-tech enterprises, In the period entitled to 15% preferential rate
14	Nantong CIMC Tank Equipment Co., Ltd	25%	15%	Continue to be recognised as high-tech enterprises, In the period entitled to 15% preferential rate
15	Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
16	Hunan CIMC Bamboo Industry Development Co., Ltd.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
17	Wuhu CIMC Ruijiang Automobile CO LTD	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
18	Luoyang CIMC Lingyu Automobile CO., LTD.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
19	Ziemann Holvrieka Asia Co., Ltd	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
20	Xinfa Airport Equipment Ltd.	25%	15%	Recognised as high-tech enterprises in 2013 entitled to 15% preferential rate
21	Nantong CIMC Energy Equipment Co, Ltd	25%	15%	Continue to be recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
22	Liaoning CIMC Hashenleng Gas Liquefaction Plant Co., Ltd.	25%	15%	Continue to be recognised as high-tech enterprises, In the period entitled to 15% preferential rate
23	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	25%	15%	Recognised as high-tech enterprises, in 2014 entitled to 15% preferential rate
24	Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	25%	15%	Recognised as high-tech enterprises, in 2015 entitled to 15% preferential rate

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Please refer to VI.1 and IV.12 for the definition of Subsidiaries, associates and joint ventures.

#### 1. Cash at bank and on hand

	Note	30 J 2016	31 December 2015
Cash on hand		<b>3,420</b>	1,664
Bank deposits	(1)	<b>4,374,994</b>	3,575,892
Other cash balances	(1)	<b>663,337</b>	909,610
Total		<b>5,041,751</b>	4,487,166
Including: cash abroad		<b>715,663</b>	1,402,645

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### 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, the Shanghai Stock Exchange and the Singapore Exchange Limited, of which the fair value is determined at the closing price the Stock Exchange of Hong Kong Limited on the last trading day of the period.

#### (4) Forward foreign exchange contracts

As at 30 June 2016, the Group had certain unsettled forward contracts, mainly denominated in US dollars, RMB, Japanese yen and euro. The nominal value of these contracts amounted to USD463 million, RMB955 million, JPY2,148 million and EUR11.65 million, respectively. Pursuant to these forward contracts, the Group and the Company are required to buy/sell foreign currencies, such as USD, Japanese Yen, Euro of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 1 July 2016 to 24 April 2017.

#### (5) Foreign exchange option contracts

As at 30 June 2016, the Group had certain unsettled foreign exchange option contracts, denominated in U.S. dollars. The nominal value of these contracts amounted to USD198 million; Depending on the contract terms and the market condition, the Group will decide to exercise contractual rights or fulfill contractual obligations as requested on the settlement day. The settlement dates of the aforesaid option contracts range from 1 July 2016 to 24 March 2017.

#### (6) Currency swap contracts

As at 30 June 2016, the Group had 4 unsettled currency swap contracts denominated in US dollars. The initially nominal value of these contracts amounted to USD8,804,000. These contracts will mature at 1 July 2019, 1 July 2019, 1 August 2019 and 1 September 2019 respectively. As at 30 June 2016, the fair value of the currency swap contracts amounted to RMB14,581,000, which is regarded as derivatives and recognised as financial assets at fair value through profit or loss. Transaction costs on realisation have not been considered when calculating the fair values.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 3. Notes receivable

##### (1) Classification of Notes receivable

	<b>30 J 2016</b>	31 December 2015
Bank acceptance notes	<b>780,445</b>	1,167,672
Trade acceptance notes	<b>90,331</b>	201,960
Total	<b>870,776</b>	1,369,632

All of the above bills receivable are due within one year.

No amount due from shareholders who hold 5% or more of the voting rights of the Company is included in the above balance of bills receivable.

##### (2) As at 30 June 2016, pledged notes receivable of the group are as follows:

	<b>30 J 2016</b>
Bank acceptance notes	<b>227,442</b>
Trade acceptance notes	<b>5,239</b>
Total	<b>232,681</b>

##### (3) As at 30 June 2016, there was no amount transferred from notes to accounts receivable due to failure of performance by the issuers (31 December 2015: Nil).

##### (4) As at 31 December 2015, outstanding notes receivable endorsed by the Group are as follows:

	<b>D e b t</b>	<b>N e t D e b t</b>
Bank acceptance notes	1,541,621	80,060
Trade acceptance notes	19,859	–
Total	1,561,480	80,060

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable

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

	30 J 2016	31 December 2015
Containers	2,307,087	2,866,510
Transportation vehicles	2,962,592	1,965,433
Energy and chemical	3,089,624	2,914,140
Offshore engineering	184,484	286,859
Airport facilities	960,005	1,140,820
Logistics services	971,179	1,011,101
Heavy truck	777,440	477,892
Others	685,288	465,788
Sub-total	11,937,699	11,128,543
Less: provision for doubtful debts	(475,939)	(461,494)
Total	11,461,760	10,667,049

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

	30 J 2016	31 December 2015
Within 1 year (inclusive)	10,655,570	9,772,401
1 to 2 years (inclusive)	643,198	784,534
2 to 3 years (inclusive)	402,857	394,997
Over 3 years	236,074	176,611
Sub-total	11,937,699	11,128,543
Less: provision for doubtful debts	(475,939)	(461,494)
Total	11,461,760	10,667,049

As at 30 June 2016 and 31 December 2015, the Group has no overdue accounts receivable without impairment.



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

31 December 2015

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 4. Accounts receivable (Continued)

- (6) Receivable that the related provision for doubtful debts is set aside collectively on a group basis, in terms of aging analysis:

	30 J 2016			31 December 2015		
	Book balance	Provision for doubtful debts	Ratio (%)	Book balance	Provision for doubtful debts	Ratio (%)
	Amount	Amount		Amount	Amount	
Within 1 year	8,591,553	26,146	0.30%	7,249,685	24,197	0.33%
1 to 2 years	537,307	59,056	10.99%	528,070	64,737	12.26%
2 to 3 years	261,595	75,288	28.78%	289,995	103,347	35.64%
Over 3 years	133,004	78,330	58.89%	127,981	78,236	61.13%
Total	9,523,459	238,820	2.51%	8,195,731	270,517	3.30%

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

#### (7) The reverse or recovery of provision in current year

No provision for doubtful debt has been collected or reversed in the current period. (For the period from 1 Jan to 30 June 2015: 7,627,000).

#### (8) Accounts receivable that are written off in current year

There was no material accounts receivable written off in current period (For the period from 1 Jan to 30 June

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 4. Accounts receivable (Continued)

#### (10) Accounts receivable from shareholders holding more than 5% (including 5%) of the voting rights of the Company is analysed as follows:

As at 30 June 2016, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above book balance of accounts receivable (31 December 2015: Nil).

#### (11) Accounts receivable from related parties:

As at 30 June 2016, the Group's accounts receivable due from related parties amounted to RMB200,749,000 (31 December 2015: RMB304,368,000), accounting for 1.68% of the total accounts receivable (31 December 2015: 2.74%).

Company name	Relationship with the Group	30 J 2016		31 December 2015		
		Amount	% of total balance	Amount	% of total balance	Provision for doubtful debts
Shanxi Heavy Duty Automobile C&C Trucks Co., Ltd	Minority shareholders of subsidiaries	68,227	0.57%	36,916	0.33%	-
Zhejiang Xinlong Bamboo Co., Ltd	Subsidiary of significant shareholder	32,230	0.27%	-	0.00%	-
Florens Container Corporation	Subsidiary of significant shareholder	31,882	0.27%	112	0.00%	-
Bazhou Lihua gas storage and transportation Co., Ltd	Associate	30,450	0.26%	141,416	1.27%	-
SUMITOMO CORPORATION	Minority shareholders of subsidiaries	5,527	0.00%	26,277	0.24%	-
Ningxia Changming Natural Gas Development Co., Ltd	Associate	-	-	75,559	0.68%	-
Florens Maritime Limited	Subsidiary of significant shareholder	-	0.00%	864	0.01%	-
Other related parties		32,432	0.27%	23,224	0.21%	-
Total		200,749	1.68%	304,368	2.74%	-

#### (12) Accounts receivable derecognised due to transfer of financial assets

As at 30 June 2016, the Group has no accounts receivable derecognised due to transfer of financial asset (31 December 2015: Nil). In the current period, no losses occurred due to the transfer (For the period from 1 Jan to 30 June 2015: Nil).

#### (13) 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 2016 and 31 December 2015.

As at 30 June 2016, the Group has no restricted accounts receivable (31 December 2015: Nil). Refer to Note IV.23.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables

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

	30 J 2016	31 December 2015
Receivables arising from financing related parties	703,275	489,499
Loans	1,254,080	1,146,375
Tax refund receivable	143,410	103,430
Security deposit	1,253,604	713,699
Receivable from equity transfer	213,869	197,384
Others	870,462	779,808
Sub-total	4,438,700	3,430,195
Less: provision for doubtful debts	(520,046)	(176,545)
Total	3,918,654	3,253,650

(2) Aging analysis of other receivables:

	30 J 2016	31 December 2015
Within 1 year (Inclusive)	3,766,143	2,455,765
1 to 2 years (Inclusive)	125,454	366,884
2 to 3 years (Inclusive)	30,884	72,390
Over 3 years	516,219	535,156
Sub-total	4,438,700	3,430,195
Less: provision for doubtful debts	(520,046)	(176,545)
Total	3,918,654	3,253,650

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

As at 30 June 2016, the Group has no overdue other receivables without impairment (31 December 2015: Nil).

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

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

Note	30 J 2016				31 December 2015			
	B a a		P r o v i s i o n		Book balance		Provision for doubtful debts	
	A m o u n t	% o f t o t a l b a l a n c e	A m o u n t	% o f t o t a l b a l a n c e	A m o u n t	% o f t o t a l b a l a n c e	A m o u n t	% o f t o t a l b a l a n c e
Other receivables with amounts that are individually significant (4)	2,170,245	48.89%	430,625	19.84%	2,015,981	58.77%	123,609	6.13%
Other receivables with amounts that are not individually significant	2,268,455	51.11%	89,421	3.94%	1,414,214	41.23%	52,936	3.74%
Total	4,438,700	100.00%	520,046	11.72%	3,430,195	100.00%	176,545	5.15%

The Group did not hold any collateral for other receivables that were made impairment aforesaid.

(4) As at 30 June 2016, other receivables with amounts that are individually significant:

	B a a	P r o v i s i o n	R a t e (%)	R e m a r k s
Receivables arising from financing to related parties	584,148		0.00%	note 1
Receivables arising from equity transfer	212,611		0.00%	note 1
Receivables arising from financing third parties	1,092,018	404,367	37.03%	note 1
Tax refund receivables	32,073		0.00%	note 1
Others	249,395	26,258	10.53%	note 1
Total	2,170,245	430,625	19.84%	

Note 1: The provision for doubtful debts is individually assessed based on the recoverability of individual balance.

(5) The reverse or recovery of provision in current year

The provision for doubtful debt this period amounted to RMB412,354,000. A provision for doubtful debt amounted to RMB68,853,000 has been collected or reversed.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 5. Other receivables (Continued)

##### (6) Other receivables that are written off in current year

There were no material other receivables written off in current period (For the period from 1 Jan to 30 June 2015: Nil).

##### (7) As at 30 June 2016, the five largest balances of other receivables are analysed as follows, accumulated by arrearage parties:

			B a a	A a	% a a	P r
Sinopacific Offshore & Engineering Co., Ltd	IV.56	Receivables arising from financing third parties	480,351	within 1 year	10.82%	336,246
Marine Subsea & Consafe Limited	(i)	Receivables arising from financing related parties	303,371	over 3 years	6.83%	–
Dongwu Life Insurance Co., Ltd	(ii)	Inter-bank lending	200,000	within 1 year	4.51%	–
New Times Securities	(ii)	Inter-bank lending	200,000	within 1 year	4.51%	–
Frigstad Deepwater Holding Limited	(iii)	Receivables arising from financing related parties	163,525	1-2 year	3.68%	–
Total			1,347,247		30.35%	336,246

The total amount of the Group's five largest other receivables as at 31 December 2015 amounted to RMB1,353,328,000, accounting for 39.46% of the total balance.

- (i) Raffles completed its acquisition of Gadidae AB (formerly known as Consafe MSV AB) on 31 January 2011. Since December 2007, Gadidae AB had been making loans to its associate, Marine Subsea & Consafe ("MSC"), which amounted to USD35,625,000 (RMB236,240,000). Pursuant to the agreement, Raffles recognised interest income and recorded expenses paid on behalf of MSC with total amount of USD10,116,000 (RMB67,131,000) from 2007 to 31 January 2011.
- (ii) This is a short term interbank callable loan issued by Finance Company to SooChow Life Insurance Co. Ltd, New Times Securities which matures at 1 July 2017 and 4 July 2017 respectively.
- (iii) Windpower Ventures Limited ("the Lender"), which is the subsidiary of the Group's subsidiary CIMCVL, funded Frigstad Deepwater Holding Limited ("the Borrower" that the Group holds 74.90% of the equity) by subscribing 25.10% of the equity. As at 30 June 2016, the balance was USD24,659,507 (RMB163,525,000).

##### (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 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.

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5. Other receivables (Continued)

(9) As at 30 June 2016, other receivables from related parties are analysed as follows:

Company name	Relationship with the Group	30 J 2016			31 December 2015			
		Amount	Nature	% of total balance	Amount	Nature	% of total balance	Provision for doubtful debts
Marine Subsea & Consafe Limited	Associates	303,371	Funding	6.83%	297,027	Funding	6.57%	-
Frigstad Deepwater Holding Limited	Minority shareholders of subsidiaries	163,525	Funding	3.68%	126,301	Funding	2.79%	-
China Merchants Property Development Co., Ltd	Subsidiary of significant shareholder	70,650	Transfer of equity	1.59%	70,650	Transfer of equity	1.56%	-
Shanghai Fengyang	Associates	34,204	Funding	0.77%	34,204	Funding	0.76%	-
Others		43,878		1.00%	75,276		1.66%	-
Total		615,628		13.87%	603,458		13.35%	-

(10) As at 30 June 2016, the Group had no government grants recognised on the basis of receivables.

### 6. Advance to suppliers

(1) Advance to suppliers are analysed by categories as follows:

	30 J 2016	31 December 2015
Raw material (including equipments for ship under construction)	2,433,066	3,396,490
Cost of ship under construction	311	7,004
Others	83,790	68,012
Sub-total	2,517,167	3,471,506
Less: provision for bad debts	(162,013)	(181,312)
Total	2,355,154	3,290,194



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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Advance to suppliers (Continued)

##### (2) Aging analysis for advance to suppliers:

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 6. Advance to suppliers (Continued)

- (3) As at 30 June 2016, the five largest balances of advance are analysed as follows, accumulated by arrearage parties:

	Amount	% of total balance
Sum of the five largest advance to suppliers	1,070,544	42.53%

- (4) Advance to shareholders holding more than 5% (including 5%) of the voting rights of the Company are analysed as follows:

As at 30 June 2016, no advance to shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of advance to suppliers (31 December 2015: Nil).

- (5) Advance to related parties are analysed as follows:

Company name	Relationship with the Group	30 June 2016		31 December 2015		
		Amount	% of total balance	Amount	% of total balance	Provision for doubtful debts
TSC	Associates	-	0.00%	15,634	0.45%	-
Tianzhu (Shanghai) International Shipping Agency Co., Ltd	Associates	10,880	0.43%	-	0.00%	-
Wuhu Tairui Investment Ltd	Minority shareholders of subsidiaries	2,800	0.11%	2,800	0.08%	-
SXHDA	Minority shareholders of subsidiaries	159	0.01%	159	0.00%	-
Others		1,656	0.07%	3,152	0.10%	-
Total		15,495	0.62%	21,745	0.63%	-

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 7. Inventories

(1) Inventories are summarised by categories as follows:

	30 J 2016			31 December 2015		
	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	1,585,529	(117,832)	1,467,697	2,774,903	(112,961)	2,661,942
Work in progress	2,739,045	(15,224)	2,723,821	1,981,997	(15,704)	1,966,293
Finished goods	3,778,867	(156,923)	3,621,944	3,643,812	(151,854)	3,491,958
Consignment stocks	122,053	(241)	121,812	106,210	(243)	105,967
Spare parts	71,785	(651)	71,134	70,632	(3,382)	67,250
Low-valued consumables	184,906	(163)	184,743	179,924	(311)	179,613
Materials in transit	47,659		47,659	58,672	–	58,672
Completed properties held for sale	698,387		698,387	698,008	–	698,008
Properties under development	3,405,104		3,405,104	2,740,063	–	2,740,063
Offshore engineering equipment	2,907,848		2,907,848	2,120,299	–	2,120,299
Amount due from customer for contract work	2,009,345	(29,660)	1,979,685	2,402,429	(75,848)	2,326,581
Total	17,550,528	(320,694)	17,229,834	16,776,949	(360,303)	16,416,646

As at 30 June 2016, the Group's closing balances of inventories included capitalised borrowing cost amounting to 520,620,000 (31 December 2015: RMB320,294,000). The interest rate per annum at which the borrowing costs were capitalised was 4.07% (For the period from 1 Jan to 30 June 2015: 5.16%).

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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 2015	Additions due to business combinations	Increase in current period	Decrease in current period	30 J 2016
Raw materials	2,774,903	124,985	11,032,746	(12,347,105)	<b>1,585,529</b>
Work in progress	1,981,997	–	11,546,574	(10,789,526)	<b>2,739,045</b>
Finished goods	3,643,812	–	15,715,578	(15,580,523)	<b>3,778,867</b>
Consignment stocks	106,210	–	728,414	(712,571)	<b>122,053</b>
Spare parts	70,632	–	141,447	(140,294)	<b>71,785</b>
Low-valued consumables	179,924	–	112,599	(107,617)	<b>184,906</b>
Materials in transit	58,672	–	34,590	(45,603)	<b>47,659</b>
Completed properties held for sale	698,008	–	3,876	(3,497)	<b>698,387</b>
Properties under development	2,740,063	–	699,650	(34,609)	<b>3,405,104</b>
Offshore engineering equipment	2,120,299	–	1,726,443	(938,894)	<b>2,907,848</b>
Amount due from customer for contract work	2,402,429	4,418	1,146,303	(1,543,805)	<b>2,009,345</b>
Total	16,776,949	129,403	42,888,220	(42,244,044)	<b>17,550,528</b>

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

	31 December 2015	Additions due to business combinations	Increase in current period	Decrease in current period		Exchange Differences arising from translating foreign operations	30 J 2016
Causes				Reversal	Write-off		
Raw materials	112,961	–	5,148	(1,869)	(523)	2,115	<b>117,832</b>
Work in progress	15,704	–	–	–	(480)	–	<b>15,224</b>
Finished goods	151,854	–	6,070	(633)	(3,137)	2,769	<b>156,923</b>
Consignment stocks	243	–	–	(2)	–	–	<b>241</b>
Spare parts	3,382	–	–	(1,602)	(1,129)	–	<b>651</b>
Low-valued consumables	311	–	–	(150)	–	2	<b>163</b>
Amount due from customer for contract work	75,848	–	–	–	(47,797)	1,609	<b>29,660</b>
Total	360,303	–	11,218	(4,256)	(53,066)	6,495	<b>320,694</b>

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### 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 of provision for decline in value of the Group's inventories During the period is as follows:

Causes	Balance at the beginning of the period	Reversal of provision for decline in value of inventories
Raw materials	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Work in progress	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Finished goods	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Consignment stocks	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Spare parts	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Low-valued consumables	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Amount due from customer for contract work	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories

##### (4) Amount due from customer for contract work

	30 June 2016	31 December 2015
Aggregate contract costs incurred and profit recognised to date (Less foreseeable losses)	3,645,828	7,410,173
Less: progress billings received and receivable	(1,701,807)	(5,255,806)
	1,944,021	2,154,367
Including:		
Construction work-in-progress in excess of progress billings	1,979,685	2,326,581
Progress billings in excess of construction work-in-progress	(35,664)	(172,214)
	1,944,021	2,154,367

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 8. Current portion of non-current assets

	30 J 2016	31 December 2015
Finance leases	<b>4,693,616</b>	4,424,686
Less: unrealised financing income	<b>(1,216,311)</b>	(1,134,641)
Finance leases receivable-net	<b>3,477,305</b>	3,290,045
Sales of goods by instalments	<b>28,872</b>	28,776
Others	<b>4,808</b>	4,808
Sub-total	<b>3,510,985</b>	3,323,629
Less: provision for impairment	<b>(247,990)</b>	(94,961)
Total	<b>3,262,995</b>	3,228,668

#### 9. Other current assets

	30 J 2016	31 December 2015
Tax deductible/withheld	<b>652,181</b>	637,930
Other	<b>20,752</b>	22,909
Total	<b>672,933</b>	660,839

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 10. Available-for-sale financial assets

	30 J 2016	31 December 2015
Measured at fair value		
Available-for-sale equity instruments (1)	2,678	1,342
Trust plan (2)	52,539	30,000
Measured at historical cost		
Available-for-sale equity instruments	412,240	392,286
Others	295	295
Less: provision for impairment	(3,065)	(3,065)
	464,687	420,858

(1) As at 30 June 2016, available-for-sale financial assets held by the Group and the Company are equity investments in Otto Energy Limited with a carrying value of USD453,712 (equivalent to RMB2,678,000).

(2) The portion of the trust plan held by the Group was recognised as available-for-sale financial asset.

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

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

	30 J 2016	31 December 2015
Available-for-sale equity instruments		
– Fair value	2,678	1,342
– Historical cost	4,582	4,582
– Accumulated net change in fair value of available-for-sale financial assets recognised in other comprehensive income	(1,904)	(3,240)
Trust plan		
– Fair value	52,539	30,000
– Historical cost	52,926	30,000
– Accumulated net change in fair value of available-for-sale financial assets recognised in other comprehensive income	(387)	–

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 10. Available-for-sale financial assets (Continued)

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

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

	31 December 2015	Increase in current period	Decrease in in current period	30 J 2016	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	–	–	<b>380,780</b>	10.00%	3,000
– Bank of Communications Schroder Fund Management Co., Ltd ("BOCM Schroder")	8,125	–	–	<b>8,125</b>	5.00%	5,000
– Beihai Yinjian Co., Ltd ("Beihai Yinjian")	1,700	–	–	<b>1,700</b>	1.01%	–
– Guangdong samsung enterprise group co., Ltd ("Guangdong Samsung")	1,365	–	–	<b>1,365</b>	0.09%	–
– Donghua Container Transportation Service Co., Ltd	270	–	–	<b>270</b>	1.38%	–
– Crisplant Singapore Pte Ltd ("Crisplant")	46	–	(46)		10.00%	–



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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 11. Long-term receivables

	30 J 2016	31 December 2015
Finance Leases	<b>22,975,157</b>	20,925,786
Less: Unrealised financing income	<b>(8,855,058)</b>	(8,429,617)
Net finance leases	<b>14,120,099</b>	12,496,169
Sales of goods by instalments	<b>500,250</b>	429,747
Others	<b>204,881</b>	241,092
Sub-total	<b>14,825,230</b>	13,167,008
Less: provision for impairment	<b>(299,437)</b>	(432,444)
Total	<b>14,525,793</b>	12,734,564

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:

	30 J 2016	31 December 2015
Minimum lease receipts		
Within 1 year (inclusive)	<b>4,693,616</b>	4,424,686
1 and 2 years (inclusive)	<b>4,979,594</b>	2,979,251

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments

##### (1) Classification of long-term equity investments:

		<b>30 J 2016</b>	31 December 2015
Joint ventures	(2)	<b>468,050</b>	456,688
Associates	(3)	<b>1,532,959</b>	1,579,681
		<b>2,001,009</b>	2,036,369
Less: provision for impairment		<b>(2)</b>	(2)
Total		<b>2,001,007</b>	2,036,367

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

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

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

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

	31 December 2015	Movement in current period					Change in foreign exchange rates	30 J 2016	Provision for impairment
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared			
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd.	35,554	-	1,036	-	-	-	-	36,590	-
Supercool (Shanghai) Refrigeration Equipment Co. Ltd	3,263	-	(488)	-	-	-	-	2,775	-
Shanghai Shenyi Special Vehicle Parts Co., Ltd	10,955	-	-	-	-	-	221	11,176	-
NYK Zhenhua logistics (Tianjin) Co. Ltd.	75,339	-	1,314	-	-	-	-	76,653	-
Three Eyre Shanghai Zhenhua Logistics Co. Ltd.	63,899	-	863	-	-	-	-	64,762	-
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd.	20,247	-	730	-	-	-	-	20,977	-
Qingdao Brigantine	14,124	-	2,045	-	-	-	285	16,454	-
Dalian Brigantine	4,955	-	423	-	-	-	100	5,478	-
Shanghai Brigantine	23,264	-	2,961	-	-	-	469	26,694	-
Tianjin Brigantine	7,494	-	967	-	-	-	151	8,612	-
Y&C Engine Co., Ltd	193,831	-	285	-	-	-	-	194,116	-
Shenzhen CIMC Mobile International Service Co., Ltd	3,763	-	-	-	-	-	-	3,763	-
Total	456,688	-	10,136	-	-	-	1,226	468,050	-

Refer to Note VI.2 for joint ventures.

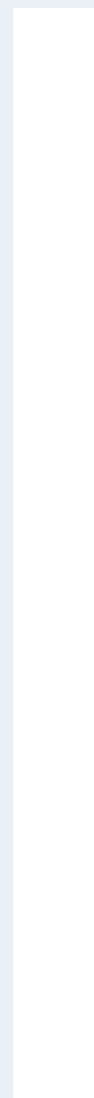
## Notes to the Financial Statements

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

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



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## 12. Long-term equity investments (Continued)

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

[illegible]

## Notes to the Financial Statements

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 12. Long-term equity investments (Continued)

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

The Group's investment ratios in TSC, Wuhan Automobile magazine Co. Ltd., Jiangsu Ruicheng Machinery Co., Ltd, Optton Inc (Shanghai) 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 2016, except for Marine Subsea & Consafe, there is no need for the Group to recognize 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 2015: Nil).

#### 13. Investment properties

	B	La	T a
Original cost			
31 December 2015	434,328	136,311	570,639
Additions in current period	87,982	62,873	150,855
Disposal in current period	(29,785)	(37,624)	(67,409)
30 June 2016	492,525	161,560	654,085
Accumulated depreciation/amortisation			
31 December 2015	119,770	12,055	131,825
Current period transferred in	4,013	3,174	7,187
Depreciation/amortisation charged in current period	7,692	3,900	11,592
Current period transferred out	(2,316)	(2,174)	(4,490)
30 June 2016	129,159	16,955	146,114
Net book value			
30 June 2016	363,366	144,605	507,971
31 December 2015	314,558	124,256	438,814

In the period, RMB11,592,000 of depreciation and amortisation is recognised for the investment properties (For the period from 1 Jan to 30 June 2015: RMB17,013,000). There was no provision for impairment for investment properties as at 30 June 2016 (31 December 2015: Nil).

There was no disposal of investment properties In the period.

As at 30 June 2016, the buildings and land use right with carrying amount of about RMB120,676,000 (original cost: RMB140,861,000) (31 December 2015: carrying amount of 35,268,000 (original cost: RMB56,789,000)) had not been entitled the property ownership certificates due to unfinished entitling procedures. The certificate is expected to be granted in 2017.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 14. Fixed assets

##### (1) Fixed assets

	B	Ma	O	Tra	O	D &	T a
		a	&	a	a	P	
Original cost							
31 December 2015	10,804,428	9,587,946	1,983,908	977,997	6,389,608	1,254,865	30,998,752
Additions due to business combination	206,835	193,863	53,581	11,263	–	–	465,542
Additions in current period	16,526	61,541	61,416	63,286	68,111	4,887	275,767
Transfer from construction in progress	137,538	310,163	15,916	4,433	15,151	–	483,201
Decrease in current period	(219,371)	(532,801)	(37,345)	(21,053)	–	–	(810,570)
Exchange differences arising from translating foreign currencies	46,164	88,859	25,865	2,249	61,276	26,778	251,191
30 June 2016	10,992,120	9,709,571	2,103,341	1,038,175	6,534,146	1,286,530	31,663,883
Accumulated depreciation							
31 December 2015	2,485,875	4,038,777	1,114,910	480,741	405,470	201,016	8,726,789
Additions due to business combination	34,087	109,496	38,987	5,022	–	–	187,592
Depreciation recognised in current period	214,655	496,629	102,558	60,164	151,303	31,408	1,056,717
Decrease in current period	(44,378)	(253,377)	(25,358)	(14,027)	–	–	(337,140)
Exchange differences arising from translating foreign currencies	9,792	18,446	6,588	1,157	7,075	4,802	47,860
30 June 2016	2,700,031	4,409,971	1,237,685	533,057	563,848	237,226	9,681,818
Provision for impairment							
31 December 2015	320,364	87,907	14,910	729	–	–	423,910
Impairment recognised in current period	–	–	22	72	–	–	94
Written off on disposal	–	(16,873)	(202)	(165)	–	–	(17,240)
Exchange differences arising from translating foreign currencies	320	708	–	–	–	–	1,028
30 June 2016	320,684	71,742	14,730	636	–	–	407,792
Carrying amount							
30 June 2016	7,971,405	5,227,858	850,926	504,482	5,970,298	1,049,304	21,574,273
31 December 2015	7,998,189	5,461,262	854,088	496,527	5,984,138	1,053,849	21,848,053

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 14. Fixed assets (Continued)

##### (1) Fixed assets (Continued)

As at 30 June 2016, the Group had no restricted fixed assets (31 December 2015: Nil). Refer to Note IV.23.

In the period, depreciation of fixed assets recognized amounted to RMB1,056,717,000 (For the period from 1 Jan to 30 June 2015: RMB799,447,000), of which RMB891,935,000, RMB14,860,000 and RMB149,922,000 (For the period from 1 Jan to 30 June 2015: RMB665,154,000, RMB16,178,000 and RMB118,115,000) 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 RMB483,201,000 (In 2015: RMB3,238,692,000).

In the period, an amount of RMB94,000 has been impaired.

##### (2) As at 30 June 2016, besides the unemployed buildings, machinery and equipment of KGR which had been impaired, the Group had no other temporarily idle fixed assets.

##### (3) Fixed assets held through finance leases

	30 J 2016			31 December 2015		
	Book balance	Accumulated depreciation	Carrying amount	Book balance	Accumulated depreciation	Carrying amount
Buildings				2,626	(1,313)	1,313
Machinery & equipment	741,250	(184,666)	556,584	525,172	(82,330)	442,842
Transportation	58,497	(7,499)	50,998	–	–	–
Total	799,747	(192,165)	607,582	527,798	(83,643)	444,155

During the period, the fixed assets held through finance leases mainly consist of machinery and equipment sold and leased back by C & C Trucks.



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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 14. Fixed assets (Continued)

##### (4) Fixed assets leased out under operating leases

	Carrying amount
Buildings	125,530
Machinery & equipment	27,761
Transportation	377,110
Offshore engineering special equipment	4,792,366
Total	5,322,767

##### (5) Held-for-sale fixed assets

As at 30 June 2016, there were no held-for-sale fixed assets (31 December 2015: Nil).

##### (6) Fixed assets with certificates of ownership unsettled

	Carrying amount	Reasons for pending
Factory	577,389	Put to use, certificate being in the progress
Office building	202,875	Put to use, certificate being in the progress
Workshop	97,959	Put to use, certificate being in the progress
Dormitory and Canteen	91,827	Put to use, certificate being in the progress
Warehouse	55,376	Put to use, certificate being in the progress
Others	39,971	Certificate being in the progress
Total	1,065,397	

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Construction in progress

##### (1) Construction in progress

	30 June 2016			31 December 2015		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Vessels under construction of financing and leasing company	17,324,627	—	17,324,627	13,744,034	—	13,744,034
Raffles H273, H1284 Project	2,542,303	—	2,542,303	2,273,808	—	2,273,808
Dongguan CIMC vehicle logistics equipment project	293,313	—	293,313	190,727	—	190,727
Container Holding Songshan Lake Office Building	150,000	—	150,000	132,928	—	132,928
Enric workshop construction project	38,776	—	38,776	77,149	—	77,149
QDCSR new plant construction project	—	—	—	76,489	—	76,489
Production equipment of C&C Trucks	41,047	—	41,047	44,127	—	44,127
TCCIMC relocation and reconstruction project	22,043	—	22,043	43,205	—	43,205
XHCIMCS Production Line and Power Facilities Reconstruction Project	25,045	—	25,045	29,933	—	29,933
Raffles large scale equipment (including 2000T slewing crane)	20,315	—	20,315	26,757	—	26,757
TJCMC mid-thick plate and bottom side crossbeam automatic production line	10,521	—	10,521	26,051	—	26,051
Second phase of Hebei construction	52,425	—	52,425	12,033	—	12,033
Development project of Shenyang Industry Garden	8,957	—	8,957	7,103	—	7,103
DLL newly added special production line	1,906	—	1,906	3,096	—	3,096
KGR production line relocation project	4,674	(1,553)	3,121	3,572	(1,553)	2,019
Dalian Railway steel equipment warehouse	1,343	(563)	780	1,343	(563)	780
Others	1,147,724	(238)	1,147,486	350,387	(238)	350,149
Total	21,685,019	(2,354)	21,682,665	17,042,742	(2,354)	17,040,388

The carrying amounts of construction in progress at the end of the year included accumulated capitalised borrowing cost of RMB822,276,000 (31 December 2015: RMB1,047,977,000). The interest rate adopted for determining capitalised at borrowing cost for the current period was 2.99%(For the year 2015: 4.36%).

As at 30 June 2016, there is no restricted construction in progress of the Group (31 December 2015: Nil). Refer to Note IV.23 for details.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 15. Construction in progress (Continued)

##### (2) Movement of significant projects of construction in progress During the period

	Budgeted amount	31 December 2015	Additions due to business combinations	Current period additions	Transfer to fixed assets	30 J 2016	Proportion of expenditures incurred to budgeted amount (%)	Progress of construction	Cumulative capitalised interest	Including: current period capitalised interest	Interest capitalised rate (%)	Source of funds	Exchange differences arising from translating foreign currencies
Vessels under construction of financing and leasing company	18,848,805	13,744,034	-	3,499,357	-	<b>17,324,627</b>	73%	25%-95%	719,037	186,632	2.99%	bank loan	81,236
Raffles H273, H1284 Project	2,717,717	2,273,808	-	218,065	-	<b>2,542,303</b>	85%	90%	103,239	34,155	2.99%	Self-funding and bank loan	50,430
Dongguan CIMC vehicle logistics equipment project	75,093	190,727	-	102,586	-	<b>293,313</b>	70%	70%	-	-	-	Self-funding	-
Container Holding Songshan Lake Office Building	200,000	132,928	-	17,072	-	<b>150,000</b>	75%	75%	-	-	-	Self-funding	-
Enric workshop construction project	240,969	77,149	-	23,963	(62,336)	<b>38,776</b>	103%	72%	-	-	-	Self-funding	-
QDCSR new plant construction project	103,721	76,489	-	-	(76,489)	-	100%	100%	-	-	-	Self-funding	-
Production equipment of C&C Trucks	73,627	44,127	-	1,075	(4,155)	<b>41,047</b>	106%	94%	-	-	-	Self-funding	-
TCCIMC relocation and reconstruction project	86,770	43,205	-	7,228	(28,390)	<b>22,043</b>	60%	60%	-	-	-	Self-funding	-
XHCIMCS Production Line and Power Facilities Reconstruction Project	92,901	29,933	-	1,994	(6,882)	<b>25,045</b>	92%	88%	-	-	-	Self-funding	-
Raffles large scale equipment (including 2000T slewing crane)	93,091	26,757	-	5,510	(12,465)	<b>20,315</b>	81%	100%	-	-	-	Self-funding and bank loan	513
TJCMC mid-thick plate and bottom side crossbeam automatic production line	42,420	26,051	-	9,059	(24,589)	<b>10,521</b>	97%	90%	-	-	-	Self-funding	-
Second phase of Hebei construction	92,980	12,033	-	42,029	(1,637)	<b>52,425</b>	108%	99%	-	-	-	Self-funding	-
Development project of Shenyang Industry Garden	624,975	7,103	-	1,854	-	<b>8,957</b>	63%	75%	-	-	-	Self-funding and bank loan	-
DLL newly added special production line	35,728	3,096	-	1,116	(2,306)	<b>1,906</b>	70%	98%	-	-	-	Self-funding	-
KGR production line relocation project	7,697	2,019	-	2,650	(1,548)	<b>3,121</b>	98%	98%	-	-	-	Self-funding	-
Dalian Railway steel equipment warehouse	12,870	780	-	-	-	<b>780</b>	101%	99%	-	-	-	Self-funding	-
Others		350,149		1,059,382	(262,404)	<b>1,147,486</b>			-	-	-		359
Total		17,040,388	-	4,992,940	(483,201)	<b>21,682,665</b>			822,276	220,787			132,538

As at 30 June 2016, an amount of RMB2,354,000 has been recognized as the provision for impairment of construction in progress (31 December 2015: RMB2,354,000).

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 16. Disposal of fixed assets

	30 J 2016	31 December 2015
Buildings	90,535	63,563
Machinery and equipment	61,281	34,341
Transportation	1,065	939
Office & other equipment	973	663
Total	153,854	99,506

#### 17. Intangible assets and development expenditure

##### (1) Intangible assets

	La	T	T	C	C	Mar	Fra	T
	La	a	T	C	C	Mar	Fra	T
Original cost								
31 December 2015	4,248,839	1,858,904	234,218	312,028	252,222	85,053	118,660	7,109,924
Additions due to business combination	-	3,613	-	-	-	-	-	3,613
Current period additions	77,831	105,506	-	-	-	2,633	-	185,970
Current period decrease	(22,034)	(144,746)	-	-	-	-	-	(166,780)
Exchange differences arising from translating foreign currencies	8,121	10,626	280	1,042	1,560	3,412	-	25,041
30 June 2016	4,312,757	1,833,903	234,498	313,070	253,782	91,098	118,660	7,157,768
Accumulated amortisation								
31 December 2015	654,343	923,702	117,022	119,476	125,298	23,506	4,252	1,967,599
Additions due to business combination	-	2,534	-	-	-	-	-	2,534
Current period additions	53,610	58,370	-	5,326	-	1,845	1,911	121,062
Current period decrease	(3,901)	(121)	-	-	-	-	-	(4,022)
Exchange differences arising from translating foreign currencies	2,589	4,115	47	854	923	673	-	9,201
30 June 2016	706,641	988,600	117,069	125,656	126,221	26,024	6,163	2,096,374
Provision for impairment								
31 December 2015	-	-	103,294	-	55,473	-	-	158,767
Exchange differences arising from translating foreign currencies	-	-	1,746	-	673	-	-	2,419
30 June 2016	-	-	105,040	-	56,146	-	-	161,186
Carrying amounts								
30 June 2016	3,606,116	845,303	12,389	187,414	71,415	65,074	112,497	4,900,208
31 December 2015	3,594,496	935,202	13,902	192,552	71,451	61,547	114,408	4,983,558

In the period, amortisation expenses of intangible assets amounted to RMB121,062,000 (For the period from 1 Jan to 30 June 2015: RMB144,517,000).

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 17. Intangible assets and development expenditure (Continued)

(2) As of 30 June 2016, intangible assets with pending certificates of ownership are as follows:

	Carrying amount	
	RMB	R a
Nantong Tank Land (2008) NO.0301018	65,254	in the progress
SCIMCEL Tangkeng land use right	58,904	in the progress
Nantong Tank Land (2008) No.0301030	47,339	in the progress
United Feicai Vehicle land use rights	25,232	in the progress
SCIMCEL land use rights	14,432	in the progress
Total	211,161	

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

(3) As of 30 June 2016, there was no restricted intangible assets (31 December 2015: Nil). Refer to Note IV.23.

(4) As at 30 June 2016, the intangible asset with indefinite useful lives is Gas station Franchise which amounted to RMB53,300,000 (31 December 2015: RMB53,300,000).

(5) Development expenditure is as follows:

	31 December 2015	Additions due to business combination	Current period addition	Recognised as intangible assets	30 J 2016
Project on vehicle technology	20,880	–	18,451	(363)	<b>38,968</b>
Others	2,086	–	22	–	<b>2,108</b>
	22,966	–	18,473	(363)	<b>41,076</b>

In the period, the Group's development expenditure amounted to RMB248,570,000 (For the period from 1 Jan to 30 June 2015: RMB325,255,000): RMB230,097,000 of which (For the period from 1 Jan to 30 June 2015: RMB235,006,000) was included in the current profits and losses, and an amount of RMB18,473,000 was capitalised as intangible assets in current period (For the period from 1 Jan to 30 June 2015: 48,544,000). As at 30 June 2016, intangible assets transferred from development expenditure within the group accounted for 8.22% (For the period from 1 Jan to 30 June 2015: 2.85%) of the total book balance of intangible assets.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 18. Goodwill

	Note	31 December 2015	Current period additions	Current period decrease	Exchange differences arising from translating foreign currencies	30 J 2016
Enric	(1)	546,335	117,926	–	–	<b>664,261</b>
TGE SA		165,777	–	–	4,133	<b>169,910</b>
YPDI		86,558	–	–	–	<b>86,558</b>
Bassoe		132,245	–	–	–	<b>132,245</b>
Pteris Global Limited		108,196	–	–	–	<b>108,196</b>
C&C Trucks		132,145	–	–	–	<b>132,145</b>
Hashenleng		103,530	–	–	–	<b>103,530</b>
Retlan	(1)	–	495,941	–	–	<b>495,941</b>
Others		544,796	–	–	2,704	<b>547,500</b>
Sub-total		1,819,582	613,867	–	6,837	<b>2,440,286</b>
Less: provision for impairment						
C&C Trucks		18,867	–	–	–	<b>18,867</b>
Others		38,574	–	–	409	<b>38,983</b>
Subtotal		57,441	–	–	409	<b>57,850</b>
Total		1,762,141	613,867	–	6,428	<b>2,382,436</b>

- (1) For details of goodwill arose from the acquisition of Briggs Group Limited and Retlan Manufacturing Limited ("Retlan"), refer to Note V.1.
- (2) Impairment test for asset group including goodwill

The goodwill allocated to the asset groups and combination of asset groups are summarised by operating segments as follows:

	30 J 2016	31 December 2015
Container asset group	<b>104,413</b>	104,413
Road transportation vehicles asset group	<b>567,095</b>	69,749
Energy, chemical and food equipment asset group	<b>1,112,872</b>	990,813
Offshore engineering asset group	<b>225,225</b>	225,222
Logistics services asset group	<b>120,558</b>	120,558
Heavy truck asset group	<b>113,278</b>	113,278
Airport equipment asset group	<b>108,196</b>	108,196
Asset groups with insignificant allocation percentage of goodwill group	<b>30,799</b>	29,912
Total	<b>2,382,436</b>	1,762,141

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 19. Long-term prepaid expenses

	31 December 2015	Additions due to business combination	Current period addition	Current period amortisation	Exchange differences arising from translating foreign currencies	30 J 2016
Yard facility expenses	11,626	–	11,863	(2,360)	65	<b>21,194</b>
Project insurance and commission	64,511	–	128,111	(23,237)	2,296	<b>171,681</b>
Improvements to fixed assets held under operating leases	16,290	–	458	(2,955)	–	<b>13,793</b>
Operating lease interest expenses	6,704	–	–	(391)	95	<b>6,408</b>
Tooling transformation	17,485	–	55,629	(9,895)	–	<b>63,219</b>
Others	49,095	–	3,341	(14,137)	8	<b>38,307</b>
Sub-total	165,711	–	199,402	(52,975)	2,464	<b>314,602</b>
Less: provision for impairment	–	–	–	–	–	–
Total	165,711	–	199,402	(52,975)	2,464	<b>314,602</b>





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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 22. Provision for asset impairment

	Note	31 December 2015	Additions due to business combination	Current period addition	Current period decrease		Exchange differences arising from translating foreign currencies	30 J 2016
					reversal	write-off		
Provision for doubtful debts								
Including: provision for doubtful debts of accounts receivables		461,494	–	14,445	–	–	–	475,939
Provision for doubtful debts of other receivables	IV.56	176,545	–	412,354	(68,853)	–	–	520,046
Provision for doubtful debts of advances to suppliers		181,312	–	–	–	(19,299)	–	162,013
Provision for doubtful debts of current portion of non-current assets		94,961	–	153,029	–	–	–	247,990
Provision for doubtful debts of long-term receivables		432,444	–	109,847	(239,011)	(3,862)	19	299,437
Provision for doubtful debts of other non-current assets	IV.56	–	–	178,634	–	–	–	178,634
Provision for decline in value of inventories		360,303	–	11,218	(4,256)	(53,066)	6,495	320,694
Provision for impairment of long-term equity investment		2	–	–	–	–	–	2
Provision for impairment of available-for-sale financial assets		3,065	–	–	–	–	–	3,065
Provision for impairment of fixed assets		423,910	–	94	–	(17,240)	1,028	407,792
Provision for impairment of construction in progress		2,354	–	–	–	–	–	2,354
Provision for impairment of intangible assets		158,767	–	–	–	–	2,419	161,186
Provision for impairment of goodwill		57,441	–	–	–	–	409	57,850
Provision for restricted bank deposit	IV.56	–	–	700,000	–	–	–	700,000
Total		2,352,598	–	1,579,621	(312,120)	(93,467)	10,370	3,537,002

Please refer to the respective notes of the assets for reasons of the provisions.

#### 23. Restricted assets

As at 30 June 2016, assets with restrictions in their ownership are as follows:

	Note	31 December 2015	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	30 J 2016

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 24. Short-term borrowings

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

	Note	30 J 2016	31 December 2015
Guaranteed	(a)		
RMB		552,000	802,000
USD		302,433	1,847,671
EUR		-	75,522
CAD		-	2,375
Sub-total		854,433	2,727,568
Impawn			
USD		66,313	-
Pledged	(b)		
RMB		170,577	234,258
Unsecured			
USD		11,699,893	14,070,312
RMB		4,816,335	110,061
EUR		232,294	217,852
GBP		167,790	143,569
AUD		34,775	34,034
SGD		28,041	38,922
JPY		4,780	5,388
Sub-total		16,983,908	14,620,138
Discounted notes			
RMB		80,061	327,060
Total		18,155,292	17,909,024

(a) As at 30 June 2016, guaranteed borrowings of the Group consisted of the following: bank loans of subsidiary C&C Trucks amounting to RMB439,000,000, which is guaranteed by the Group; loans of subsidiaries of Zhenhua Group, including USD2,108,000 (13,976,000 in RMB), all of which were guaranteed by Zhenhua Group; loans of CIMCVL, including an amount of USD43,500,000 (288,457,000 in RMB) and RMB3,000,000, all of which were guaranteed by the Group and CIMC Hong Kong; loans of subsidiaries of Enric, amounting to RMB110,000,000.

(b) As at 30 June 2016, the pledged loans were the loan of the Finance Company, amounting to RMB170,577,000 which pledged with notes receivables with the par value of RMB170,769,000.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 24. Short-term borrowings (Continued)

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

- (c) As at 30 June 2016, there was no short-term borrowings owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group or related parties.
- (d) As at 30 June 2016, the interest rate of short term borrowing ranged from 0.72% to 16.42% (31 December 2015: 0.64% to 17.12%).

#### 25. Financial liabilities at fair value through profit or loss

	Note	30 J 2016	31 December 2015
<b>C ¥¥</b>			
1. Derivative financial liabilities			
– Forward foreign exchange contracts	IV.2(4)	<b>98,176</b>	188,693
– Foreign exchange option contracts	IV.2(5)	<b>13,863</b>	54,250
2. Hedging Instrument		<b>8,403</b>	7,826
Sub-total		<b>120,442</b>	250,769
<b>N - ¥¥</b>			
1. Derivative financial liabilities			
– Interest rate swap	(1)	<b>14,310</b>	15,203
2. Financial guarantee contracts		<b>40,090</b>	40,268
Sub-total		<b>54,400</b>	55,471
Total		<b>174,842</b>	306,240

##### (1) Interest rate swap

As at 30 June 2016, the Group had 15 unsettled interest rate swap contracts denominated in US dollars. The nominal value of these contracts amounted to USD126 million. The maturity dates of these interest rate swap contracts ranged from 28 April 2017 to 1 March 2020. As at 30 June 2016, the Group recognised the foresaid contracts in the fair values of RMB14,310,000, as financial liabilities at fair value through profit or loss. Transaction costs on realisation have not been considered when calculating the fair values.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 26. Notes payable

	30 J 2016	31 December 2015
Bank acceptance notes	1,557,231	585,408
Trade acceptance notes	299,772	1,163,669
Total	1,857,003	1,749,077

The above notes payable are due within one year.

#### 27. Accounts payable

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

	30 J 2016	31 December 2015
Due to raw materials suppliers	8,565,779	7,574,540
Integrates logistics service charges	340,413	358,539
Project contract charges	270,136	335,406
Project procurement charges	247,351	272,175
Due to equipment suppliers	280,122	209,973
Transportation charges	31,477	69,655
Processing charges	142,367	36,664
Others	65,592	36,053
Total	9,943,237	8,893,005

The aging analysis of accounts payable is as follows:

	30 J 2016	31 December 2015
Within 1 year	9,437,560	8,513,311
1 to 2 years	359,025	286,922
2 to 3 years	83,743	42,221
Over 3 years	62,909	50,551
Total	9,943,237	8,893,005

As at 30 June 2016, accounts payable over 1 year with a carrying amount of RMB505,677,000 (31 December 2015: RMB379,694,000) are mainly payables related to offshore engineering business. The payable are not settled because the construction period of the offshore engineering project usually last more than 1 year.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 27. Accounts payable (Continued)

- (2) As at 30 June 2016, 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:

Company name	Relationship with the Group	30 J	2016	31 December 2015	
		A_	% a a	Amount	% of total balance
Y&C Engine	Associate	31,712	0.32%	137,172	1.54%
Asahi Trading Co., Ltd	Minority shareholders of subsidiaries	20,956	0.21%	17,855	0.20%
Shanxi Heavy Duty Automobile Co., Ltd	Minority shareholders of subsidiaries	13,540	0.14%	8,734	0.10%
Xuzhou CIMC Wood Co., Ltd	Associate	8,224	0.08%	26,272	0.30%
TSC	Associate	7,378	0.07%	69,915	0.79%
Other related parties		8,022	0.08%	7,620	0.09%
Total		89,832	0.90%	267,568	3.01%

#### 28. Advances from customers

- (1) Advances from customers:

	30 J 2016	31 December 2015
Advances for goods	2,802,225	1,867,554
Advances for property	332,586	69,359
Advances for trade and logistics	92,966	164,793
Advances for construction	52,376	14,352
Others	30,708	647,453
Total	3,310,861	2,763,511

As at 30 June 2016, advances from customers over 1 year with a carrying amount of RMB259,526,000, are mainly rental in advance and project payments related to offshore engineering business. The advances are not settled because the construction period of the offshore engineering project usually last more than 1 year.

- (2) As at 30 June 2016, there is no advances from shareholders who hold 5% or more of the voting rights or related parties.

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 29. Employee benefits payable

	30 J 2016	31 December 2015
Short-term wages	<b>1,748,482</b>	2,180,245
Defined contribution plans	<b>33,175</b>	52,719
Dismissal welfare	<b>2,396</b>	1,307
	<b>1,784,053</b>	2,234,271

#### (1) Short-term wages

	31 December 2015	Additions due to business combination	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	30 J 2016
Wages and salaries, bonuses, allowances and subsidies	1,618,976	–	1,641,648	(1,898,109)	3,837	<b>1,366,352</b>
Profit-sharing and senior management bonus	356,013	–	–	(110,002)	–	<b>246,011</b>
Housing funds	7,614	–	61,571	(61,957)	29	<b>7,257</b>
Labor union funds and employee education funds	50,124	–	8,506	(21,684)	121	<b>37,067</b>
Social security contributions and others	25,838	–	55,552	(62,150)	3	<b>19,243</b>
Including: Medical insurance	20,388	–	45,903	(52,512)	3	<b>13,782</b>
Work injury insurance	2,779	–	6,850	(6,647)	–	<b>2,982</b>
Maternity insurance	2,671	–	2,799	(2,991)	–	<b>2,479</b>
Other short-term wages	121,680	–	221,200	(270,728)	400	<b>72,552</b>
Total	2,180,245	–	1,988,477	(2,424,630)	4,390	<b>1,748,482</b>

#### (2) Defined contribution plans

	31 December 2015	Additions due to business combination	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	30 J 2016
Basic pensions	47,004	–	115,902	(133,969)	34	<b>28,971</b>
Unemployment insurance	5,656	–	4,734	(6,245)	–	<b>4,145</b>
Enterprise annuities	59	–	3	(3)	–	<b>59</b>
	52,719	–	120,639	(140,217)	34	<b>33,175</b>



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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 29. Employee benefits payable (Continued)

##### (3) Dismission welfare

	30 J 2016	31 December 2015
Others (i)	2,396	1,307

(i) As at 30 June 2016, the Group provide other compensation amounting to RMB2,396,000 to compensate for the termination of employment relationship.

Please refer to Note IX for cash-settled shared-based payments.

Salaries, bonus and allowances payables represent salaries accrued for current month and bonus accrued for subsidiaries in accordance with the result of annual performance and the performance assessment plan of the Group. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management; therefore, there was a balance of such accrued bonus at the end of the year.

Enterprise annuity plan is established to safeguard the employee's standard of living after retirement. Every year, companies pay 3% of the total annual wages, and individuals pay 1% of the base. Employees who meet the conditions can choose to draw 0% to 100% of the annuities all at once or in installments based on their length of service. Besides, the fund is managed by specially-assigned person. When a loss is reported or under special conditions, the payment can be suspended. There is no need to make a supplementary payment.

Profit-sharing and senior management bonus is determined on the assessment of certain key performance index. The above bonus is proposed by Chief Executive Officer of the Group and the payment is subject to review and approval by board chairman and vice board chairman of the Group. The balance of Profit-sharing and senior management bonus payable was unpaid balance accrued in prior years.

#### 30. Taxes payable

	30 J 2016	31 December 2015
Value-added-tax payable	124,204	169,422
Business tax payable	13,285	64,975
Enterprise income tax payable	240,442	467,451
Withholding individual income tax	35,646	17,880
City maintenance and construction tax payable	21,795	25,879
Educational surcharge payable	2,659	18,693
Land appreciation tax	84,679	78,940
Others	71,459	79,897
Total	594,169	923,137

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 31. Interest payable

	30 J 2016	31 December 2015
Interest of long-term borrowings	18,221	46,363
Interest of short-term borrowings	47,475	40,099
Interest of corporate bonds	-	127,263
Others	49,995	2,649
Total	115,691	216,374

#### 32. Dividends payable

	30 J 2016	31 December 2015
Due to minority shareholders of subsidiaries	40,165	56,034
Common stock dividends payable	658,306	-
Total	698,471	56,034

#### 33. Other payables

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

	Note	30 J 2016	31 December 2015
Advance received		1,902,240	1,818,997
Transportation expenses		391,108	398,355
Accruals		1,308,961	974,573
Advance received for shipbuilding	(3)	310,956	437,013
Current account with subsidiary's minority	(4)	216,090	436,625
Quality guarantees		298,690	331,030
Equipment or land use rights		254,062	407,542
Professional and training fees		12,333	10,098
Housing maintenance fees		18,483	22,660
Royalties		6,648	7,098
Insurances		20,813	42,624
Others		884,116	398,399
Total		5,624,500	5,285,014

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 33. Other payables (Continued)

- (2) Significant other payables aged over one year mostly consist of unsettled quality guarantee, vehicle mortgage guarantee and various deposits
- (3) Raffles and Gadidae AB entered into a ship-building contract, which was terminated afterwards, for the construction and sale of a submersible drilling rig from Raffles to Gadidae AB in 2007. Subsequently Gadidae AB and MSC entered into a contract which Gadidae AB would sell this vessel to MSC. Gadidae AB received USD46,892,000, equivalent to RMB310,956,000, progress billing from MSC in 2007. As of 31 January 2011, Gadidae AB has become the subsidiary of the Group.
- (4) As at 30 June 2016, there was no other payables owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group. Other payables owed to related parties are as listed follows:

Company Name	Relationship with the Group	30 J 2016	31 December 2015
Marine Subsea & Consafe Limited	Associate	310,956	437,013
Eighty Eight Dragons Limited	Minority shareholder of subsidiary		182,640
Quercus Limited	Minority shareholder of subsidiary		53,791
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of subsidiary	56,237	56,237
Gasfin Investment S.A.	Minority shareholder of subsidiary	41,958	44,093
Shanghai Fengyang	Associate	26,390	26,390
Ningxia Changming Natural Gas Development Co., Ltd	Associate	11,900	11,900
Inland Services B.V. (Netherlands)	Minority shareholder of subsidiary	6,094	5,445
Frigstad Deepwater Holding Limited	Minority shareholder of subsidiary	66,312	50,244
Others		85,445	79,393
Total		605,292	947,146

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 34. Provisions

	Note	31 December 2015	Current period addition	Current period payment	Current period reversal	Exchange differences arising from translating foreign currencies	30 J 2016
Product warranties	(1)	736,692	256,667	(24,360)	(145,245)	(31,272)	<b>792,482</b>
Loss of pending actions		90,690	6,513	–	(10,217)	778	<b>87,764</b>
Guarantees for third parties		2,475	–	–	–	–	<b>2,475</b>
Others	(2)	45,641	73,635	(1,381)	(23,915)	25,797	<b>119,777</b>
Total		875,498	336,815	(25,741)	(179,377)	(4,697)	<b>1,002,498</b>

- (1) The Group provides after-sales repair warranty to the customers, ranging from two to seven years for containers, one year for trailers, one to seven years for tank equipments, one to two years for airport ground facilities and one year for offshore business after delivery of vessels. The Group will provide repair and maintenance services in accordance with sales contracts during the warranty period in the event of any non-accidental breakdown or quality problems. The balance of "Provisions – Warranties for product quality" represents the Group's estimated obligation for such warranties of products sold out During the period and in the previous fiscal years.
- (2) HI, one of the subsidiaries, provides the guarantee for the banking loans by which the customers buy vehicle products from HI. HI would accrue a provision for the ending balance of the loan guarantee, considering the credit quality.

#### 35. Current portion of non-current liabilities

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

	Note	30 J 2016	31 December 2015
Current portion of long-term borrowings	IV.37		
– Unsecured		<b>599,864</b>	60,913
– Mortgaged		<b>56,500</b>	110,997
– Guaranteed			477,093
Sub-total		<b>656,364</b>	649,003
Current portion of long-term payables			
Financial Leasing payables		<b>144,963</b>	130,707
Less: unrealised financing expenses		<b>(946)</b>	(15,483)
Financial Lease payables-net	IV.39	<b>144,017</b>	115,224
		<b>144,017</b>	115,224
Current portion of debentures payable			3,998,881
Current portion of other non-current liabilities		<b>1,506</b>	2,415
Total		<b>801,887</b>	4,765,523

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 36. Other current liabilities

	30 J 2016	31 December 2015
Commercial paper issued by the Group	4,053,786	–

#### 37. Long-term borrowings

##### (1) Classification of long-term borrowings

	Note	30 J 2016	31 December 2015
Bank borrowings			
– Unsecured		23,437,266	17,509,934
– Mortgaged	(a)	5,441,852	4,486,878
– Guaranteed	(b)	818,260	2,337,029
		29,697,378	24,333,841
Less: current portion of long-term borrowings			
– Unsecured		599,864	60,913
– Mortgaged			477,093
– Guaranteed	(b)	56,500	110,997
		656,364	649,003
Total		29,041,014	23,684,838

- (a) As at 30 June 2016, the Group's mortgaged loan were borrowed by CIMC USA Leasing, amounted to USD820,644,000 (equivalent to RMB5,441,852,000), both of which were mortgaged by the subject matters of financing lease contracts.
- (b) As at 30 June 2016, the Group's long-term guaranteed borrowings were comprised of the following: bank borrowing of C&C Trucks amounted to RMB138,000,000 (including current portion of RMB56,500,000), which were guaranteed By HI, Wuhu Tairui Vehicle Ltd and bank guarantee from commercial bank. Guaranteed bank loans of subsidiary CIMCVL included the following: loans amounted to USD99,745,000 (equivalent to RMB661,431,000) and CAD 3,676,000 (equivalent to RMB18,829,000), guaranteed by the Group and CIMC Hong Kong.
- (c) 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.
- (d) As at 30 June 2016, the interest rate of long-term borrowing ranged from 1.20% to 6.00% (31 December 2015: 2.53% to 6.77%).

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 38. Long-term payables

	30 J 2016	31 December 2015
Financial Lease payables	<b>312,788</b>	311,145
Less: unrealised financing expenses	<b>(68,572)</b>	(29,966)
Financial Lease payables-net	<b>244,216</b>	281,179
Payable to minority shareholders	<b>120,789</b>	120,789
Deposits payable	<b>254,054</b>	146,728
Others	<b>2,142</b>	1,440
Total	<b>621,201</b>	550,136

#### (1) Details of financial leasing payables

As at 30 June 2016, 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:

	30 J 2016	31 December 2015
Minimum lease payments		
Within 1 year (inclusive)	<b>144,964</b>	130,707
Over 1 year but within 2 years (inclusive)	<b>23,860</b>	107,338
Over 2 years but within 3 years (inclusive)	<b>15,856</b>	81,708
Over 3 years	<b>273,072</b>	122,099
Sub-total	<b>457,752</b>	441,852
Less: unrecognised finance expenses	<b>(67,626)</b>	(45,449)
Carrying amounts	<b>390,126</b>	396,403

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

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### IV. NOTES TO

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 40. Deferred income (Continued)

#### (1) Government grants

Project name	31 December 2015	Current period additions	Amortised to non-operating income	Other changes	30 J 2016	Related to assets/ income
Enric relocation compensation	191,388	503	(4,148)	–	<b>187,743</b>	Related to assets
Enric new factory government grants	83,865	–	(1,735)	–	<b>82,130</b>	Related to assets
Shanxi CIMC Vehicle Industry Garden construction grants	33,207	13,062	–	–	<b>46,269</b>	Related to assets
C&C Trucks government build donation	30,000	–	–	–	<b>30,000</b>	Related to assets
TAS industrial base project	29,972	–	(1,035)	–	<b>28,937</b>	Related to assets
TCCIMC land compensation	21,824	–	(283)	–	<b>21,541</b>	Related to assets
Government subsidies of XHCIMCS	19,162	–	–	–	<b>19,162</b>	Related to assets
Government subsidies of Xinhui Modular	10,764	–	–	–	<b>10,764</b>	Related to assets
TAS information technology development special fund	8,050	13,300	(1,438)	–	<b>19,912</b>	Related to assets
MEA special funds to support industrial innovation	6,440	–	(460)	–	<b>5,980</b>	Related to assets
Zhenhua Group Drop and Pull Transport program	5,564	–	(210)	–	<b>5,354</b>	Related to assets
TAS technology development fund	5,000	–	(4,007)	–	<b>993</b>	Related to assets
Environmentally friendly mega deepwater floating production storage unit (FPSO) and application of the South China Sea	5,000	–	–	–	<b>5,000</b>	Related to assets
Government grants of Shenzhen Xingji-equip technique engineering laboratory item	–	5,000	–	–	<b>5,000</b>	Related to assets
Shandong R&D fund	4,495	–	(112)	–	<b>4,383</b>	Related to assets
Special equipment controller and system industrialization based on various communication interfaces of CCHQ	4,000	–	(500)	–	<b>3,500</b>	Related to assets
Transformation project of high-tech in Jiangsu Province of Yangzhou Runyang	2,989	–	–	–	<b>2,989</b>	Related to assets
Government subsidies of Kunshan CIMC	–	6,000	–	–	<b>6,000</b>	Related to assets
CQLE Land grant fee refund	8,222	–	(100)	–	<b>8,122</b>	Related to income
MEA-other	6,301	–	–	–	<b>6,301</b>	Related to income
Shenyang Vehicle Garden develop service application fund	–	20,000	–	–	<b>20,000</b>	Related to income
Enric major technology application fund	1,501	1,853	(1,853)	–	<b>1,501</b>	Related to income
Others	27,767	17,300	(565)	–	<b>44,502</b>	Related to assets/ income
Total	505,511	77,018	(16,446)	–	<b>566,083</b>	



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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 41. Other non-current liabilities

	Note	30 J 2016	31 December 2015
Rental advance		<b>13,009</b>	11,389
Capital increment from strategic investors of HI	(1)	<b>1,249,873</b>	60,246
Capital increment from strategic investors of ECLT	(2)	<b>300,000</b>	–
Total		<b>1,562,882</b>	71,635

- (1) On 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) Co., Ltd. (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"); according to the contract, new strategic investors provide additional investment on HI, amounted RMB1,089,626,462, RMB100,000,000, USD9,288,117 (equivalent to RMB60,246,411, based on the investing payment date exchange rate) and RMB100,000,000 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.

As at 30 June 2016, the additional investment had been fully paid. The equity of HI that the investors have right to ask repurchase should be fully recognised as a liability amounted to RMB1,249,872,903.

- (2) On 18 February 2016, Shenzhen Yuanzhifuhai No 8 Investment Company (Limited Partnership), Shenzhen Kaiyinghuaxin Startups Investing Partnerships (Limited Partnership), Shenzhen Hong Sheng Cross-border Private Equity Fund (Limited Partnership), Shenzhen Kaiyinghuafeng Startups Investing Partnerships (Limited Partnership) and Gan Deyi (Natural person) (together referred to as "new strategic investors") entered an additional investment on Shenzhen CIMC Electricity Commerce and Logistics Technology Co. LTD ("SCECLT") contract with the Company, Shenzhen CIMC Investment Co., Ltd ("SZ Investment") and Shenzhen Gangwanruishi Equity Investing Partnerships (Limited Partnership) (together referred to as "original share-holders"), according to the contract, new strategic investors provide additional investment on SCECLT amounted RMB250,000,000, RMB20,000,000, RMB16,000,000, RMB11,000,000 and RMB3,000,000, after the additional investing, their shares on SCECLT will be 22.7273%, 1.8182%, 1.4545%, 1.0000% and 0.4545% of whole SCECLT shares. Also, the contract regulates that if SCECLT cannot satisfy certain conditions, new strategic investors would have the right to ask the Company to repurchase their shares on SCECLT in the form of cash.

As at 30 June 2016, the additional investment had been fully paid. The equity of SCECLT that the investors have right to ask repurchase should be fully recognised as a liability amounted to RMB300,000,000.

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### IV. NOTES TO

## Notes to the Financial Statements

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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 43. Other equity instruments

	31 December 2015	Current period increase	Current period decrease	30 J 2016
Perpetual bonds	2,033,043	51,900	(103,800)	<b>1,981,143</b>

On 16 June 2015, the Group issue unsecured perpetual bond at par value of RMB2,000 million. The net value amounted to RMB1,981,143,000 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.

#### 44. Capital surplus

	31 December 2015	Current period addition	Current period decrease	30 J 2016
Share premium	3,577,648	9,220	–	<b>3,586,868</b>
Other capital surplus:				
– Exchange reserve on foreign currency capital	692	–	–	<b>692</b>
– Donated non-cash assets reserve	257	–	–	<b>257</b>
– Equity settled share-based payment	402,887	14,079	(3,726)	<b>413,240</b>
– Capital surplus due to share option exercised by subsidiary	14,275	878	–	<b>15,153</b>
– Capital surplus due to minority shareholders' contribution	207,660	226,093	–	<b>433,753</b>
– Decrease in minority interests resulted from disposal of subsidiary (no loss the controlling rights on the subsidiary)	899,128	–	–	<b>899,128</b>
– Capital surplus due to corporate restructuring	(42,696)	–	–	<b>(42,696)</b>
– Capital surplus due to acquiring minority shareholders' equity	(224,430)	51	–	<b>(224,379)</b>
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	<b>(58,964)</b>
– Effect of functional currency change	(406,795)	–	–	<b>(406,795)</b>
– Capital surplus due to acquisition or establishment of subsidiary	(51,925)	–	–	<b>(51,925)</b>
– Recognition of buy-back right granted to minority shareholders	(1,249,826)	–	(300,000)	<b>(1,549,826)</b>
Others	113,952	–	(1,070)	<b>112,882</b>
Total	3,181,863	250,321	(304,796)	<b>3,127,388</b>

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 44. Capital surplus (Continued)

	31 December 2014	Current period addition	Current period decrease	31 December 2015
Share premium	305,734	3,271,914	–	3,577,648
Other capital surplus:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Equity settled share-based payment	485,795	46,218	(129,126)	402,887
– Capital surplus due to share option exercised by subsidiary	16,151	(1,876)	–	14,275
– Capital surplus due to minority shareholders' contribution	101,376	106,284	–	207,660
– Decrease in minority interests resulted from disposal of subsidiary (no loss the controlling rights on the subsidiary)	457,189	441,939	–	899,128
– Capital surplus due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	(224,426)	(4)	–	(224,430)
– 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)	–	(1,249,826)
Others	104,118	9,834	–	113,952
Total	686,506	2,624,483	(129,126)	3,181,863

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 45. Other Comprehensive Income

For the Period from 1 January to 30 June 2016						
	31 December 2015	Pre-tax amount incurred in current period	Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority	30 J 2016
Item that may be reclassified subsequently to profit or loss:						
– Property revaluation reserve	43,754	–	–	–	–	<b>43,754</b>
– Change in fair value of available-for-sale financial assets	(3,240)	949	–	949	–	<b>(2,291)</b>
– Cash flow hedges	(4,074)	(577)	87	(490)	–	<b>(4,564)</b>
– Exchange difference arising from translating foreign currencies	(554,570)	–	–	274,307	53,465	<b>(280,263)</b>
	(518,130)	274,679	87	274,766	53,465	<b>(243,364)</b>

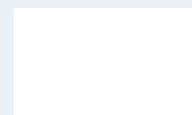
Year 2015						
	31 December 2014	Pre-tax amount incurred in current period	Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority	31 December 2015
Item that may be reclassified subsequently to profit or loss:						
– Property revaluation reserve	43,754	–	–	–	–	43,754
– Change in fair value of available-for-sale financial assets	1,932	(5,172)	–	(5,172)	–	(3,240)
– Cash flow hedges	(5,212)	1,339	(201)	1,138	–	(4,074)
– Exchange difference arising from translating foreign currencies	(887,661)	323,452	–	333,091	(9,639)	(554,570)
	(847,187)	319,619	(201)	329,057	(9,639)	(518,130)

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 46. Surplus reserve



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### V. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 47. Undistributed profits (Continued)

##### (1) Dividends of ordinary shares declared During the period

	30 J 2016	31 December 2015
Dividends proposed but not declared	–	–
Total proposed dividends in the year	<b>654,822</b>	833,748

In accordance with the resolution at the shareholders' general meeting of the Company, dated on 8 June 2015, the Company paid a cash dividend in the amount of RMB0.22 per share to the ordinary shareholders on 20 July 2016 (2015: RMB0.31 per share), totalling RMB654,822,000 (2015: RMB833,748,000).

#### 48. Revenue and cost of sales

	For the Period from 1 January to 30 J 2016	For the Period from 1 January to 30 June 2015
(1) Revenue from main operations	<b>22,828,212</b>	32,109,684
Revenue from other operations	<b>714,631</b>	527,605
Cost of sales from main operations	<b>18,795,869</b>	27,274,530
Cost of sales from other operations	<b>330,627</b>	244,750

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

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 48. Revenue and cost of sales (Continued)

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

Industry	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
	Revenue from main operations	Cost of sales from main operations
Containers	4,403,976	4,028,151
Road transportation vehicles	6,807,849	5,586,799
Energy and chemistry & food equipment	4,180,940	3,372,051
Offshore business	950,752	822,464
Airport facilities	1,096,364	886,690
Logistics services	3,149,543	2,763,476
Finance	1,113,604	366,336
Real estate	203,751	100,269
Heavy truck	790,779	771,101
Others	130,654	98,532
<b>Total</b>	<b>22,828,212</b>	<b>18,795,869</b>

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

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
	Revenue from main operations	Cost of sales from main operations
P.R China	19,344,042	15,845,823
America	1,244,670	1,041,609
Europe	1,803,907	1,515,328
Asia (except for P.R China)	308,619	282,794
Others	126,974	110,315
<b>Total</b>	<b>22,828,212</b>	<b>18,795,869</b>

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.



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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 48. Revenue and cost of sales (Continued)

##### (4) Revenue and cost of sales from other operations

	For the Period from 1 January to 30 June 2016 Revenue from other operations	For the Period from 1 January to 30 June 2015 Cost of sales from other operations
Rendering of services	580,116	226,095
Sale of raw materials	134,515	104,532
Total	714,631	330,627

#### 49. Taxes and surcharges

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015	Tax base
Business tax	24,768	40,721	3%-5% of revenue
City maintenance and construction tax	85,368	49,843	7% of VAT and business tax paid
Educational surcharge	62,541	35,442	3%-5% of VAT and business tax paid
Land appreciation tax	12,290	14,140	Appreciation amount in transferring property and applicable tax rate
Others	9,269	8,065	
Total	194,236	148,211	

#### 50. Selling and distribution expenses

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
Transportation and distribution expenses	360,914	559,656
Employ benefit	314,164	274,839
Selling operation	57,393	54,598
External sales commission	30,205	32,876
Warranty	25,575	45,741
Advertising	15,903	21,502
Storage	14,190	40,850
Others	217,785	235,656
Total	1,036,129	1,265,718

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 51. General and administrative expenses

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
Employ Benefit	<b>783,266</b>	839,563
Technology development costs	<b>230,097</b>	235,006
Depreciation	<b>149,922</b>	118,115
Taxes and surcharges	<b>127,122</b>	108,229
Amortisation	<b>99,409</b>	110,191
Agency fee	<b>97,258</b>	70,817
Rental	<b>63,119</b>	66,414
Performance bonus and president bonus	<b>49,872</b>	219,021
Low-value consumables and materials consumed	<b>30,969</b>	34,181
Share-based payment expense	<b>19,889</b>	31,665
Office expenditure, entertainment fee and others	<b>331,378</b>	386,155
Total	<b>1,982,301</b>	2,219,357

#### 52. Financial expenses-net

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
Interest expenses	<b>594,185</b>	618,689
Less: capitalised borrowing costs	<b>279,103</b>	265,893
Less: interest income	<b>97,294</b>	195,556
Exchange (gains)/losses	<b>(29,461)</b>	3,107
Others	<b>116,617</b>	56,784
Total	<b>304,944</b>	217,131

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 53. Expenses by nature

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

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
Finished goods and work-in-progress movement	(244,984)	(1,028,316)
Consumption of raw materials and low priced and easily worn articles, etc	16,685,627	25,687,187
Salary and wages	2,129,005	2,515,447
Depreciation and amortisation	1,242,346	1,010,349
Shipping and handling charges	411,149	559,656
Financial expenses	304,944	217,131
Rental	130,385	129,234
Technology development costs	230,097	235,006
Processing and repairing expense	211,604	134,754
Power expenses	180,553	278,724
Selling operation expenses	57,393	54,598
Other expenses – other manufacturing expenses	234,324	322,153
Other expenses – other selling and distribution expenses	291,869	360,447
Other expenses – other general and administrative expenses	585,558	745,116
	<b>22,449,870</b>	31,221,486

#### 54. (Loss)/profit from changes in fair value

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
Financial assets at fair value through profit or loss		
– Changes in fair value during the period		
1. Profit/(losses) from changes in fair value of equity instrument held for trading	944	111,390
2. Profit/(losses) from changes in fair value of derivative financial instrument	(136,647)	171,995
– Profit/(losses) for derecognized financial assets at fair value through profit or loss	141,409	(246,554)
Sub-total	<b>5,706</b>	36,831
Financial liabilities at fair value through profit or loss		
– Changes in fair value during the period		
1. Profit/(Losses) from changes in fair value of derivative financial instrument	131,398	112,868
Total	<b>137,104</b>	149,699

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 55. Investment income

##### (1) Investment income by categories

	For the Period from 1 January to 30 June 2015	For the Period from 1 January to 30 June 2016
Income from disposal of financial assets at fair value through profit	246,554	(141,409)
Income earned during the holding period of available-for-sale financial assets	–	8,855
Income earned from disposal of available-for-sale financial assets	–	7,714
(Losses)/income from long-term equity investment under equity method	159,794	13,800
(Losses)/income from disposal of long-term equity investment	–	23,712
(Losses)/income from disposal of leasing business	338,334	–
Others	301	–
Total	744,983	(87,328)

#### 56. Asset impairment losses

	Note	For the Period from 1 January to 30 June 2015	For the Period from 1 January to 30 June 2016
Accounts receivables		18,013	14,445
Advance to suppliers		576	–
Other receivables	(1)-(ii)	3,345	343,501
Inventories		2,283	6,962
Current portion of non-current assets		(3,906)	153,029
Long-term receivables		114,785	(129,164)
Other non-current assets	(1)-(i)	–	178,634
Fixed assets		434	94
Restricted cash at bank	(1)-(iii)	–	700,000
Total		135,530	1,267,501

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 56. Asset impairment losses (Continued)

- (1) On 27 August 2015, CIMC Enric Investment Holdings (Shenzhen) Ltd. ("EIHL"), an wholly-owned subsidiary of the Group's non-wholly owned subsidiary CIMC Enric Holding Ltd. ("CIMC Enric"), entered into an agreement ("Agreement") 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, CIMC Enric, SOE and Evergreen entered into a financial assistance framework agreement ("Financial Assistance Agreement") which governed the financial assistance provided by CIMC Enric to SOE in the form of loans and guaranteed with a maximum amount of RMB1,500,000,000 which is guaranteed by Evergreen on a back-to-back.

On 1 June 2016, CIMC Enric announced that the Board considered certain conditions precedent in the Agreement cannot be fulfilled and the Vendors had breached certain material terms of the Agreement. The board of directors of CIMC Enric decided to terminate such acquisition and the financial assistance to SOE. As at 30 June 2016, the prepaid consideration amounted to RMB178,634,000. The loans to SOE amounted to RMB482,052,000 and the guarantees for bank loans of RMB1,000,000,000 was provided in favor of SOE. As a result of termination of the acquisition, there are significant uncertainty regarding the collectability of the above mentioned prepaid consideration, loans and guarantees.

Management of CIMC Enric has assessed the collectability of the above mentioned prepaid consideration, loans and guarantees. Taking into account the negotiation between CIMC Enric, SOE and the Vendors and knowledge of the financial position of SOE and the Vendors, CIMC Enric has made substantial provisions of approximately RMB1.215 billion in aggregate for the abovementioned prepaid consideration, loans and guarantees.

- (i) Taking into account the negotiation between CIMC Enric and the Vendors and the knowledge of the financial position of the Vendors, Management of CIMC Enric considered that there existed a significant doubt on the collectability of the prepaid consideration. Therefore, a full provision of RMB178,634,000 was provided for the prepaid consideration during the six months ended 30 June 2016.
- (ii) CIMC Enric has performed an assessment on the impairment risks of the loans to SOE. After assessing SOE's current financial position, its future repayment ability and other alternative available resources, a provision of RMB336,246,000 has been made for the loans to SOE during the six months ended 30 June 2016.
- (iii) CIMC Enric has performed an assessment on the impairment risks of the pledge of bank deposits for SOE's bank loans. After assessing SOE's current financial position, its future repayment ability and other alternative available resources, a provision of RMB700,000,000 has been made for the restricted bank deposits during the six months ended 30 June 2016.

#### 57. Non-operating income

##### (1) Non-operating income by categories:

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015	Amount recognised in non-recurring profit or loss from 1 January to 30 June 2016
Gains on disposal of non-current assets	6,153	5,514	6,153
Gains on disposal of fixed assets	3,598	2,095	3,598
Gains on disposal of intangible assets	2,555	3,419	2,555
Compensation income	203	2,418	203
Penalty income	1,786	2,336	1,786
Government grants <sup>(2)</sup>	135,375	49,571	135,375
Others	23,772	22,703	23,772
Total	167,289	82,542	167,289

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 57. Non-operating income (Continued)

##### (2) Details of government grants

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015	Related to assets/ earnings
Financial subsidies	125,479	47,443	Related to earnings
Tax refund	4,918	160	Related to earnings
Others	4,978	1,968	Related to earnings
Total	135,375	49,571	

#### 58. Non-operating expenses

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015	Amount recognised in non-recurring profit or loss from 1 January to 30 June 2016
Losses on disposal of non-current assets	9,485	23,891	9,485
Losses on disposal of fixed assets	9,485	21,020	9,485
Losses on disposal of intangible assets	-	2,871	-
Donations	393	281	393
Penalty expenses	380	1,707	380
Compensation expenses	989	1,262	989
Abnormal expense	664	545	664
Others	2,234	4,122	2,234
Total	14,145	31,808	14,145

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 59. Income tax expenses

	For the Period from 1 January to 30 June 2015	For the Period from 1 January to 30 June 2016
Current income tax calculated based on tax law and related regulations	428,103	262,989
Deferred income tax	(3,035)	112,327
Total	425,068	375,316

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

	For the Period from 1 January to 30 June 2015	For the Period from 1 January to 30 June 2016
Profit before tax	2,077,478	(165,844)
Income tax expenses calculated at applicable tax rates	645,585	338,676
Effect of tax incentive	(132,602)	(46,248)
Expenses not deductible for tax purposes	63,762	32,243
Other income not subject to tax	(183,584)	(74,525)
Utilisation of previously unrecognised tax losses	(10,950)	(7,695)
Tax effect of unrecognised tax losses	39,193	38,339
Deductible temporary differences for which no deferred tax asset was recognised in previous years	11,395	95,650
Effect of tax rate change on deferred tax	(584)	
Tax refund for income tax annual filling	(7,147)	(1,124)
Income tax expenses	425,068	375,316

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 60. Earnings per share

##### (1) Basic earnings per share

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

	Profit for the period 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	(378,034)	1,518,195
Influence of the issuing of perpetual bonds	(51,900)	—
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	(429,934)	1,518,195
Weighted average number of ordinary shares outstanding ('000)	2,978,120	2,672,629
Basic earnings per share (RMB/share)	(0.1444)	0.5681
Including: Going concern basic earnings per share	(0.1444)	0.5681

##### (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:

	Profit for the period 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	(378,034)	1,518,195
Influence of the issuing of perpetual bonds	(51,900)	—
Effect of subsidiaries' share options program	—	(2,645)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	(429,934)	1,515,550
Weighted average number of ordinary shares outstanding (diluted) ('000) (adjusted)	2,978,120	2,693,383
Diluted earnings per share (RMB/share)	(0.1444)	0.5627



## Notes to the Financial Statements

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 61. Notes to the consolidated cash flow statement (Continued)

##### (3) Cash received related to other investing activities

	For the Period from 1 January to 30 June 2015	For the Period from 1 January to 30 June 2016
Cash received from bank financial services	–	–
Cash paid less than Cash and cash equivalents held by subsidiaries and other business units on acquisition date	101,412	–
Total	101,412	–

##### (4) Cash received related to other financing activities

	For the Period from 1 January to 30 June 2015	For the Period from 1 January to 30 June 2016
Cash received from share option exercised by subsidiary	–	2,428
Cash received from leasing project	150,000	–
Cash received from issuing of 2015 first tranche of medium term note	2,000,000	–
Total	2,150,000	2,428

##### (5) Cash paid related to other financing activities

	For the Period from 1 January to 30 June 2015	For the Period from 1 January to 30 June 2016
Cash paid for from acquiring minority interests	–	22,272
Cash paid for borrowing expenses	–	98,104

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For the period ended 30 June 2016

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 62. Information to cash flow statement

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

###### (a) Reconciliation from net profit to cash flows from operating activities

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
Net profit	(541,160)	1,652,410
Add: Provisions for assets impairment	1,267,501	135,530
Depreciation of fixed assets	1,056,717	799,447
Amortisation of intangible assets	121,062	144,517
Amortisation of investment properties and long-term prepaid expenses	64,902	66,385
Losses/(gains) on disposal of fixed assets, intangible assets and other long-term assets	3,332	18,377
Losses/(profit) on changes in fair value	(137,104)	(149,699)
Financial expense	217,788	158,612
Investment losses/(income)	87,328	(744,983)
Share-based payment expenses	19,889	31,665
Decrease in deferred tax assets	59,293	76,154
Increase in deferred tax liabilities	1,491,247	(73,120)
Increase in inventories	644,176	2,418,724
Decrease in operating receivables	(5,172,278)	(3,890,057)
Increase/(decrease) in operating payables	1,751,039	(1,269,415)
Net cash flows from operating activities	933,732	(625,453)

The significant investing and financing activities that do not involve cash receipts and payments in the period was the share swap with China Fire Safety. Refer to Note VI.1(5) for details. Except for this, no other significant investing and financing activities existed.

###### (b) Net (decrease)/increase in cash and cash equivalents

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
Closing balance of cash and cash equivalents	4,310,559	3,380,034
Less: Opening balance of cash and cash equivalents	3,259,123	2,758,310
Net increase/(decrease) of cash and cash equivalents	1,051,436	621,724

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 62. Information to cash flow statement (Continued)

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

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
1. Information on acquisition of subsidiaries and other business units:		
Cash and cash equivalents paid for acquisition	965,028	—
Less: Cash and cash equivalents held by subsidiaries and other business units on acquisition date	200,451	—
Net cash paid/(gain) for the acquisition	764,577	—

##### (3) Cash and cash equivalents

	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2015
1. Cash		
Including: cash on hand	3,420	5,924
Cash at bank that can be readily drawn on demand	4,074,994	3,049,387
Other monetary fund that can be readily drawn on demand	232,145	324,723
2. Cash and cash equivalents at the end of the period	4,310,559	3,380,034

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

## Notes to the Financial Statements

For the period ended 30 June 2016

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### IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### 63. Monetary items denominated in foreign currency

	30 J 2016	30 J 2015	30 J 2014
	Foreign currency	Foreign currency	Foreign currency
	Amount	Amount	Amount
	RMB	RMB	RMB
Monetary fund:			
USD	34,440	6.6312	228,380
HKD	284,638	0.8547	243,280
AUD	19,540	4.9452	96,627
THB	285,754	0.1885	53,866
GBP	18,502	8.9212	165,061
EUR	37,281	7.3750	274,951
JPY	31,085	0.0645	2,005
Others			451,926
			1,516,096
Accounts receivable:			
USD	549,828	6.6312	3,646,020
HKD	87,784	0.8547	75,029
JPY	147,504	0.0645	9,514
AUD	10,221	4.9452	50,546
EUR	117,129	7.3750	863,829
Others			652,325
			5,297,263
Other receivables:			
USD	156,629	6.6312	1,038,640
HKD	55,581	0.8547	47,505
EUR	7,168	7.3750	52,863
Others			148,627
			1,287,635
Long term receivables:			
USD	1,792,690	6.6312	11,887,685
EUR	30	7.3750	222
GBP	21,869	8.9212	195,102
			12,083,009

# Notes to the Financial Statements

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## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 63. Monetary items denominated in foreign currency (Continued)

	30 J E	2016 a	A RMB
F C	a	Ra	
Short-term borrowings:			
USD	1,819,978	6.6312	12,068,639
EUR	31,497	7.3750	232,294
GBP	18,808	8.9212	167,790
AUD	7,032	4.9452	34,775
JPY	74,109	0.0645	4,780
Others			28,041
			12,536,319
Accounts payable:			
USD	389,263	6.6312	2,581,282
HKD	116,887	0.8547	99,903
EUR	50,338	7.3750	371,246
AUD	13,456	4.9452	66,543
THB	91,128	0.1885	17,178
Others			604,667
			3,740,819
Other payables:			
USD	199,684	6.6312	1,324,143
HKD	58,607	0.8547	50,091
JPY	7,505,054	0.0645	484,076
EUR	26,843	7.3750	197,965
AUD	1,177	4.9452	5,821
THB	8,345	0.1885	1,573
Others			289,583
			2,353,252
Long-term borrowings:			
USD	3,814,759	6.6312	25,296,427
HKD		0.8547	
Others			267,688
			25,564,115
Long term payables:			
USD	33,788	6.6312	224,058

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### V. CHANGES IN THE SCOPE OF CONSOLIDATION

#### 1. Business combinations involving enterprises not under common control

In June 2016, CIMC VEHICLES UK LIMITED, a wholly-owned subsidiary of the Group's subsidiary CIMC Vehicle Group entered into agreement with the original shareholders of Retlan Manufacturing Limited to purchase 100% shares of Retlan Manufacturing Limited at a maximum consideration of GBP91,700,000. Retlan Group is located in Great Britain and mainly engaged in semi-trailer manufacturing.

On 3 June 2016, CIMC Enric Tank and Process B.V., a wholly-owned subsidiary of the Group's subsidiary CIMC Enric entered into share transfer agreement with the original shareholders of Briggs Group Limited to purchase 100% shares of Briggs Group Limited at a maximum consideration of GBP23,000,000. Briggs Group Limited is a company incorporated under the laws of England and Wales in 2008. The principal business is engineering, process engineering and sale of equipment and process control systems in the brewing, beverage, distilling food, pharmaceutical, health and beauty and bio-fuel industries, together with project management and consulting services to those markets.

#### 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 2016, the number of companies included in the scope of consolidation added up to 564. Except for the important subsidiaries listed as below, the number of other subsidiaries held by the Group was 321, with paid-in capital amounting to RMB501,863,542. 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 RMB20 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

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (i) Domestic subsidiaries

No.	Name	Capital form	Registered place	Main place of business	Business description	Shareholding ratio (%)		
						Direct	Indirect	Total
1	Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture, repair and sale of container, container stockpiling business	USD16,600,000	75.00%	25.00%
2	Shenzhen Southern CIMC Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture and repair of container, design and manufacture of new-style special road and port	USD80,000,000	15.56%	84.44%
3	Xinhui CIMC Container Co., Ltd. (XHCIMC) Xinhui CIMC Container	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture, repair and sale of containers	USD24,000,000	20.00%	50.00%
4	Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, repair and sale of containers	USD7,700,000	–	71.00%
5	Tianjin CIMC Containers Co., Ltd. (TJCMC)	Business entity	Tianjin	Tianjin	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD50,000,000	75.00%	25.00%
6	Dalian CIMC Containers Co., Ltd. (DLCIMC)	Business entity	Dalian, Liaoning	Dalian, Liaoning	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD17,400,000	42.53%	57.47%
7	Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Business entity	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacture and sales of containers and related technological consultancy; container storage	USD15,000,000	–	100.00%
8	Taichang CIMC Containers Co., Ltd. (TCCIMC)	Business entity	Taichang, Jiangsu	Taichang, Jiangsu	Manufacture and repair of container	USD31,000,000	50.00%	50.00%



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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

##### (1) S

No.	Name	Capital	Registered Capital	Main Place of Business	Business Description	Shareholding	Shareholding Ratio (%)	
						Shareholding Amount	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	USD25,000,000	–	70.83%
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	USD4,770,000	–	70.83%
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%

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (i) Domestic subsidiaries (Continued)

No.	Name	Capital	Registered Place	Main Place of Business	Business Description	Shareholding	Shareholding Ratio (%)	
						Amount	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	RMB100,000,000	—	61.50%
24	CIMC -SHAC (Xi'an) Special Vehicle Co., Ltd. (XASV)	Business entity	Xi'an, Shaanxi	Xi'an, Shaanxi	Development and production of various trailer, special-use vehicles as well as components and parts; professional services	RMB50,000,000	—	47.50%
25	Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	Business entity	Baiyin, Gansu	Baiyin, Gansu	Refitting of special vehicles, manufacture of trailer and fittings as well as automobile fittings; sales of relevant materials	RMB25,000,000	—	63.33%

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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

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

###### (i) Domestic subsidiaries (Continued)

No.	Name	Capital	Registered Place	Main Products	Business Description	Shareholding		
						Invested Capital	Shareholding Ratio (%)	Shareholding Ratio (%)
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	–	51.93%
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	RMB30,000,000	–	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 warranty for leasing transaction	USD70,000,000	75.00%	25.00%
30	Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture and sales of various, manufacture and sales of various other transport equipments and spare parts	USD29,405,000	–	76.44%
31	Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture and repair of large-sized tank, production of various pressurization tank car, special pressurization trough, tank and parts	RMB69,945,600	–	70.83%
32	Shenzhen CIMC – Tianda Airport Support Ltd. (TAS)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Production and operation of various airport-purpose electromechanical equipment products	USD13,500,000	–	38.04%
33	Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Production and sales of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	USD15,500,000	–	100.00%

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (i) Domestic subsidiaries (Continued)

No.	Name	Category	Registered Place	Main Place of Business	Business Description	Shareholding	
						Shareholding Ratio (%)	Shareholding Ratio (%)
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	USD12,000,000	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	Shanghai CIMC Yangshan Container Service Co., Ltd. (SHYLE)	Business entity	Shanghai	Shanghai	Container transshipment, stockpiling, devanning, vanning, and warehousing, container maintenance, try-off and technical service	USD7,000,000	95.00%
39	CIMC Sherfa 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%
40	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%
41	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%
42	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	94.92%

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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

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

###### (i) Domestic subsidiaries (Continued)

No.	Name	Capital	Registered Place	Main Place	Business	Shareholding	Shareholding (%)	
						Amount	Direct	Indirect
43	Tianjin CIMC Logistics Equipments Co., Ltd. (TJCLMCL)	Business entity	Tianjin	Tianjin	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD10,000,000	–	100.00%
44	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	50.00%	50.00%
45	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%
46	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%
47	Shenzhen CIMC Intelligent Technology Co., Ltd. ("CIMC Tech")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Design, development, sale, surrogate of electron production software and system	RMB66,388,900	62.96%	9.04%
48	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%
49	Hunan CIMC Bamboo Industry Development Co., Ltd. (HNW)	Business entity	Suining, Hunan	Suining, Hunan	Manufacturing and sale of bamboo and wood product	RMB28,000,000	–	100.00%
50	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd. (QHDV)	Business entity	Qinhuangdao, Hebei	Qinhuangdao, Hebei	Sale of car and car components and parts	RMB70,000,000	–	47.50%
51	Shenzhen South CIMC Logistics Co., LTD ("South Logistics")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Design and research of energy and chemical & food equipment Technology contract transfer, etc.	RMB80,000,000	90.62%	9.38%

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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

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

###### (i) Domestic subsidiaries (Continued)

No.	Name	Capital form	Registered place	Main place of business	Business description	Shareholding ratio (%)		
						Shareholder	Shareholding ratio (%)	Shareholding ratio (%)
52	CIMC Management and Training (Shenzhen) Co., Ltd. ("CIMC Training")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Design of marketing activities scheme organization of academic and commercial conference and exhibition	RMB50,000,000	100.00%	—
53	Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB70,000,000	—	100.00%
54	Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Design, manufacturing and maintenance of containers, board square cabin and relevant components and parts relevant advisory and service	RMB70,000,000	—	100.00%
55	Yantai CIMC Marine Engineering Academic Co., Ltd. ("MEA")	Business entity	Yantai, Shandong	Yantai, Shandong	Research and development of marine operation platform and other marine	RMB150,000,000	75.00%	25.00%
56	Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan")	Business entity	Shanghai	Shanghai	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB1,000,000	—	70.00%
57	CIMC New Environmental Protection Materials Co., Ltd. ("CIMCNEPD")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Development, production and sales of wood products for various modern transportation equipment	RMB92,249,100	63.71%	21.24%
58	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd. ("CIMC Tianyu")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Real estate development	RMB254,634,100	—	82.00%
59	Yangzhou CIMC grand space Real Estate Development Co., Ltd. ("CIMC Haoyu")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Real Estate Development, sales and leasing	RMB25,000,000	—	89.20%
60	Ningbo Runxin Container Co., Ltd. ("Ningbo Runxin")	Business entity	Ningbo, Zhejiang	Ningbo, Zhejiang	Cleaning and repair of containers, devanning, vanning	RMB5,000,000	—	60.00%

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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

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

###### (i) Domestic subsidiaries (Continued)

No.	Name	Capital	Registered Place	Main Place of Business	Business Description	Shareholding	Shareholding Ratio (%)	
						Amount	Direct	Indirect
61	Chengdu CIMC Industrial Park Investment and Development Co., Ltd. ("Chengdu Industrial Park")	Business entity	Chengdu, Sichuan	Chengdu, Sichuan	Construction, management and lease of storage and relevant facilities; sales of vehicles and accessories	RMB60,000,000	–	63.33%
62	CIMC Finance Company ("Finance Company")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Providing financial service to fellow subsidiaries in the Group	RMB500,000,000	100.00%	–
63	Shenzhen CIMC Investment Holding company ("SZ Investment Holding")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment; sales and leasing of containers and container property	RMB75,000,000	100.00%	–
64	Zhumadian CIMC Huajun Vehicle Trading Co., Ltd. ("HJQM")	Business entity	Zhumadian, Henan	Zhumadian, Henan	Sales and repair of various vehicles, as well as relevant components and parts	RMB10,000,000	–	63.33%
65	Zhumadian CIMC Huajun Casting Co. Ltd. (HJCAST)	Business entity	Zhumadian, Henan	Zhumadian, Henan	Casting manufacturing for vehicle and coal	RMB297,762,000	–	63.33%
66	Ocean Engineering Design & Research Institute of CIMC (SHOE)	Business entity	Shanghai	Shanghai	Design and research of marine operation platform and other ocean engineering	RMB50,000,000	80.00%	20.00%
67	Shenzhen CIMC Investment Co., Ltd ("SZ Investment")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment, investment management and related investment business	RMB140,000,000	100.00%	–
68	Shenzhen Sky Capital Co., Ltd (SESKYC)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment, investment management and related investment business	RMB100,000,000	90.00%	10.00%
69	Ningbo MRO Trading Co., Ltd. (MRO)	Business entity	Ningbo, Zhejiang	Ningbo, Zhejiang	Production and sales of gas mask and other plastic productions	RMB10,000,000	–	100.00%

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (i) Domestic subsidiaries (Continued)

No.	Name	Capital form	Registered place	Main place of business	Business description	Shareholding ratio (%)		
						Shareholder	Shareholding ratio (%)	Shareholding ratio (%)
70	Shenzhen CIMC Container Holding Co., Ltd. ("Container Holding")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment and management and related investment business	RMB1,979,000,000	100.00%	—
71	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%
72	Shanxi CIMC Vehicle Industry Garden ("Shanxi Vehicle Garden")	Business entity	Xianyang, Shaanxi	Xianyang, Shaanxi	Production and sales of various special vehicle	RMB80,000,000	—	63.33%
73	CIMC Holdings (B.V.I.) Limited ("CIMC BVI")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Equity investment, property investment and investment management	RMB130,000,000	—	100.00%
74	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%
75	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%
76	CIMC Cold Chain Investment Co. Ltd. ("Cold Chain Investment")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Property and project investments	RMB979,000,000	—	100.00%
77	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%
78	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	—	38.04%



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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

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

###### (i) Domestic subsidiaries (Continued)

No.	Name	Capital	Registered Place	Main Place of Business	Business	Shareholding		
						Shareholder	Shareholding (%)	Shareholding (%)
79	Dongguan Cimec Innovation Industrial Park Development Co., Ltd. ("Dongguan innovation park")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Innovation industrial park investment, real estate development & management	RMB50,000,000	–	82.00%
80	Zhejiang Teng Long Industry Group Co., Ltd. ("Teng Long industry")	Business entity	Quzhou, Zhejiang	Quzhou, Zhejiang	Sale of wood and bamboo products, bamboo and wood technology research and development, consulting	RMB6,000,000	–	51.00%
81	Guangdong Xinhui Modular Building Manufacturing Co. Ltd. ("Xinhui Modular")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Production and sale of integrated houses, prefabricated houses, metal structure	RMB80,000,000	–	100.00%
82	Shenzhen CIMC new process of Automotive Supply Chain Management Co. Ltd. ("New Process")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Supply Chain Management	RMB10,000,000	–	60.00%
83	Shanghai Xinzhitu Logistics ("Shanghai Xinzhitu")	Business entity	Shanghai	Shanghai	International Freight transport agents, general cargo transport	RMB10,000,000	–	100.00%
84	Qianhai CIMC leasing (Shenzhen) Co., Ltd. ("Qianhai rental")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Financing lease business Lease transaction advisory	USD80,000,000	–	100.00%
85	Shenyang CIMC logistics equipment Co., Ltd. ("Shenyang Logistics")	Business entity	Shenyang Liaoning	Shenyang Liaoning	Manufacturing, R&D, sales, installation and advisory of logistics equipment	RMB6,000,000	–	100.00%
86	Langfang CIMC airport equipment Limited company ("Langfang")	Business entity	Langfang Hebei	Langfang Hebei	Production and operation of various airport and port mechanical	RMB10,000,000	–	38.04%
87	Yantai Tiezhongbao steel processing Co., Ltd. ("Yantai Tiezhongbao")	Business entity	Yantai Shandong	Yantai Shandong	R&D, manufacturing leg structure; sales of products	USD9,150,200	–	65.00%

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Name	Cash and cash equivalents	Receivables	Materials	Bills receivable	Selling expenses	Selling expenses (%)

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No.	Name	Capital structure	Registered place	Main place of business	Business description	Shareholding structure		
						Shareholder	Shareholding ratio (%)	Shareholding ratio (%)
97	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%
98	Guandong 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	–	63.33%
99	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%
100	CIMC Technology Co., LTD ("Jiangmen CIMC technology")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Intelligent equipment technology development Industrial investment	RMB50,000,000	–	100.00%
101	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%
102	CIMC Mordern Logistic Development Co., Ltd. ("Mordern Logistic")	Business entity	Tianjin	Tianjin	International and domestic freight transport agents, general and CIQ affairs	RMB700,000,000	100.00%	–
103	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	10.00%	90.00%
104	Ningbo CIMC Container	Business entity						

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (i) Domestic subsidiaries (Continued)

No.	Name	Capital	Registered Place	Main Place of Business	Business	Shareholding		
						Invested Capital	Shareholding Ratio (%)	Percentage of Shareholding
106	Shenzhen Three HuaZhaoYue investment co., LTD ("Shenzhen Three HuaZhaoYue")	Business entity	Shenzhen	Shenzhen	Investment holding	RMB30,000,000	–	66.24%
107	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%
108	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%
109	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%
110	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%
111	Zhenjiang CIMC Embellish Yu Real Estate Co., LTD	Business entity	Zhenjiang	Zhenjiang	Real estate development; sales and lease of properties	RMB30,000,000	–	82.00%
112	Zhengzhou Constant Embellish Energy Co., LTD ("Zhengzhou Constant Energy")	Business entity	Zhengzhou	Zhengzhou	Asset management	RMB43,000,000	–	66.00%
113	CIMC Enric Investment Holdings (Shenzhen) Ltd. ("Enric Shenzhen investment holding")	Business entity	Shenzhen	Shenzhen	Investment holding	USD80,000,000	–	70.83%

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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

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

###### (i) Domestic subsidiaries (Continued)

No.	Name	Capital	Registered Place	Main Place of Business	Business	Shareholding	Shareholding (%)	
						Amount	Direct	Indirect
114	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	–	63.75%
115	Tianjin Hongxin Berg Leasing Co. Ltd. ("Tianjin Hongxin Berg")	Business entity	Tianjin	Tianjin	Financial leasing	RMB20,000,000	–	51.00%
116	Shenzhen Heben Pesticide & Chemicals Co., Ltd. ("Heben technology")	Business entity	Shenzhen	Shenzhen	Sales and service	RMB20,000,000	–	50.78%
117	Guangzhou E-station Information Technology Co., Ltd. ("E-station Technology")	Business entity	Guangzhou	Guangzhou	Sales and service	RMB20,000,000	–	50.78%
118	Taichang CIMC Special Logistic Equipment Ltd (Taichang SE)	Business entity	Taichang	Taichang	Containers R&D	USD20,000,000	50.00%	50.00%
119	CIMC Duoshil Lianyun Development Ltd	Business entity	Shenzhen	Shenzhen	Shipping agency	RMB80,000,000	–	100.00%
120	CIMC Kaitong Logistics Development Ltd	Business entity	Nanjing	Nanjing	Logistics service	RMB80,000,000	–	51.00%

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (ii) Overseas subsidiaries

No.	Name	Category	Registered Place	Main Place of Business	Business	Shareholding	
						Shareholding (%)	Interest (%)
121	CIMC Holdings (B.V.) Limited ("CIMC BVI")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	100.00%
122	CIMC Tank Equipment Investment Holdings Co., Ltd. ("Tank Equipment Investment")	Business entity	Hongkong, China	Hongkong, China	Investment holding	HKD4,680,000	100.00%
123	CIMC-SMM Vehicle (Thailand) CO., LTD. ("Thailand V")	Business entity	Thailand	Thailand	Production and sales of various special vehicles	THB260,000,000	51.93%
124	CIMC Vehicle Investment Holding Co., Ltd. ("CIMC Vehicle")	Business entity	Hongkong, China	Hongkong, China	Investment holding	USD1	63.33%
125	CIMC Europe BVBA ("BVBA")	Business entity	Belgium	Belgium	Investment holding	EUR18,550	100.00%
126	China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")	Business entity	Hongkong, China	Hongkong, China	Investment holding	HKD2,000,000	100.00%
127	CIMC Burg B.V. ("BV")	Business entity	Holland	Holland	Investment holding	EUR90,000	100.00%
128	Tacoba Forestry Consultant N.V. ("Suriname") ("Tacoba")	Business entity	Suriname	Suriname	Sales and purchase of wood	SRD3,000,000	100.00%
129	Charm Wise Limited ("Charm Wise")	Business entity	Hongkong, China	Hongkong, China	Investment holding	USD50,000	100.00%

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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

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

###### (ii) Overseas subsidiaries (Continued)

No.	Name	Capacity	Registered Place	Main Place of Business	Business	Share Capital	Shareholding (%)	
						Denomination	Direct	Indirect
130	Gold Terrain Assets Limited ("GTA")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	–	100.00%
131	Full Medal Holdings Ltd. ("Full Medal")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	–	70.83%
132	Charm Ray Holdings Limited ("Charm Ray")	Business entity	Hongkong, China	Hongkong, China	Investment holding	HKD10,000	–	70.83%
133	Charm Beat Enterprises Limited ("Charm Beat")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	–	63.33%
134	Sharp Vision Holdings Limited ("Sharp Vision")	Business entity	Hongkong, China	Hongkong, China	Investment holding	HKD1	–	100.00%
135	Sound Winner Holdings Limited ("Sound Winner")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	–	70.83%
136	Grow Rapid Limited ("Grow Rapid")	Business entity	Hongkong, China	Hongkong, China	Investment holding	HKD1	–	100.00%
137	Powerlead Holding Ltd. ("Powerlead")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD10	–	100.00%
138	Cooperatie Vela U.A.	Business entity	Holland	Holland	Investment holding	EUR75,000,000	–	70.83%
139	Vela Holding B.V.	Business entity	Holland	Holland	Investment holding	EUR90,000	–	70.83%
140	CIMC Financial Leasing (HK) Co Ltd.	Business entity	Hongkong, China	Hongkong, China	Financial Leasing	HKD500,000	–	100.00%
141	CIMC Offshore Holdings Limited ("CIMC Offshore")	Business entity	Hongkong, China	Hongkong, China	Investment holding	HKD342,860,200	–	100.00%

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Name	Cash and cash equivalents	Receivables	Materials	Bills receivable	Selling expenses	Selling expenses (%)



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### 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

(i) Domestic subsidiaries

No.	Name	Capital form	Registered place	Main place of business	Business description	Shareholding ratio		
						Shareholding ratio	Shareholding ratio	(%)
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	RMB100,000,000	–	47.50%
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	RMB100,000,000	–	47.50%
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	–	47.50%
4	Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Business entity	Qingdao	Qingdao	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD27,840,000	32.83%	67.17%
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd. (QDCRC)	Business entity	Qingdao	Qingdao	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing maintenance service	USD86,850,000	9.48%	90.52%
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	USD16,682,000	47.50%	52.50%
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWL)	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant	USD28,500,000	35.37%	59.37%
8	CIMC Vehicle (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%

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (i) Domestic subsidiaries (Continued)

No.	Name	Capital	Registered Place	Main Place of Business	Business Description	Shareholding Percentage	
						Direct	Indirect (%)
9	Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Business entity	Zhangzhou, Fujian	Zhangzhou, Fujian	Manufacture and sale of container as well as relevant technical advisory	USD23,000,000	65.00% 35.00%
10	Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB434,300,800	– 63.33%
11	Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCMC)	Business entity	Zhumalian, Henan	Zhumalian, Henan	Refitting of special vehicles, sales of vehicle related materials	RMB85,340,000	– 63.33%
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Business entity	Zhangjiagang, Jiangsu	Zhangjiagang, Jiangsu	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB795,532,000	– 70.83%
13	Donghua Container Transportation Service Co., Ltd. (DHCTS)	Business entity	Shanghai	Shanghai	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components	USD4,500,000	– 70.00%
14	Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture and sale of reefer container and special container; providing relevant advisory and maintenance service	USD34,100,000	75.00% 25.00%
15	Qingdao Kool Logistics Co., Ltd (QDHFL)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB20,000,000	– 80.00%
16	Enric (Bengbu) Compressor Co., Ltd. ("Enric Bengbu")	Business entity	Bengbu, Anhui	Bengbu, Anhui	Manufacturing base of NG compressor and related products	HKD60,808,400	– 70.83%

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					Shareholders' equity	Shareholders' equity (%)
Name	Category	Registered capital	Manufacturing pressure vessel	Business	Dividend	Interest
17 Shijiazhuang Enric	Business entity	Shijiazhuang	Shijiazhuang	Manufacturing pressure vessel	USD32,000,000	

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (i) Domestic subsidiaries (Continued)

No.	Name	Capital structure	Registered place	Main place of business	Business description	Shareholding structure	
						Shareholder	Shareholding ratio (%)
24	Yantai CIMC Raffles ship Co., Ltd (YCPS)	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	RMB22,000,000	47.50%
28	Xinfa Airport Equipment Ltd. ("Xinfa Airport")	Business entity	Beijing	Beijing	Manufacture and sales of airport shuttle buses	RMB25,000,000	26.63%
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	70.83%

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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

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

###### (i) Domestic subsidiaries (Continued)

No.	Name	Category	Registered Place	Main Place of Business	Business Description	Shareholding	Shareholding Ratio (%)	
						Shareholding	Shareholding	Ratio (%)
31	Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Business entity	Tianjin	Tianjin	Container and cargo Distribution, freight and repairment	USD51,596,000	–	75.00%
32	Xiamen Hongxin Berg Leasing Co. Ltd. ("Hongxin Berg")	Business entity	Xiamen, Fujian	Xiamen, Fujian	Financial leasing and leasing business	USD21,300,000	–	51.00%
33	Tianjin Zhenhua Haijing Logistics Co. Ltd. ("Zhenhua Haijing")	Business entity	Tianjin	Tianjin	Construction and operation of warehousing facilities, container depot	RMB145,000,000	–	45.00%
34	Tianjin Zhenhua International Logistics Co. Ltd. ("Zhenhua IL")	Business entity	Tianjin	Tianjin	Non-vessel carrier, freight agent	RMB133,970,000	–	75.00%
35	Shandong Zhenhua Logistics Co., Ltd. ("Shandong Zhenhua")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Common freight and special freight transport for dangerous goods	USD9,150,000	–	75.00%
36	Tianjin Zhenhua Customs Broker Co. Ltd. ("Tianjin CB")	Business entity	Tianjin	Tianjin	Customs clearance and related consulting services	RMB12,516,400	–	75.00%
37	Zhenhua International Shipping Agency (Qingdao) Co., Ltd. ("Qingdao Shipping Agency")	Business entity	Qingdao, Shandong	Qingdao, Shandong	International shipping agency business	RMB10,000,000	–	75.00%
38	Tianjin Zhenhua International Shipping Agency Co. Ltd. ("Tianjin Shipping Agency")	Business entity	Tianjin	Tianjin	International shipping agency business	RMB10,000,000	–	75.00%
39	Shanghai Zhenhua International Shipping Agencies Ltd ("Shanghai Shipping Agencies")	Business entity	Shanghai	Shanghai	International shipping agency business	RMB10,000,000	–	75.00%

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (i) Domestic subsidiaries (Continued)

No.	Name	Capital	Registered place	Main place of business	Business	Shareholding	Shareholding ratio (%)	
						Amount	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	Shandong Wanshida Logistics Co., Ltd. ("Wanshida Logistics")	Business entity	Jining Shandong	Jining Shandong	Logistics distribution, vehicle, special vehicle, agricultural vehicle, automobile	RMB44,000,000	–	47.50%
43	Brigantine Services (Shenzhen) Co., Ltd. ("Shenzhen Brigantine")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Provides a container and ship repair services and related technical consulting services	HKD7,500,000	–	70.00%
44	Brigantine Services (Shanghai) Co., Ltd. ("Shanghai Brigantine")	Business entity	Shanghai	Shanghai	Container ship and its parts, mechanical repair, maintenance services	USD513,000	–	70.00%
45	Tianjin port free trade zone Kaichang oil marketing Co. Ltd ("Kaichang oil marketing")	Business entity	Tianjin	Tianjin	Sales of petroleum products, warehouse sales	RMB30,000,000	–	45.00%
46	C&C Trucks marketing service Co., Ltd ("C&C Marketing Service")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery, automobile chassis engine and relevant components and parts	RMB150,000,000	–	66.24%
47	Jiajing Technology Co., Ltd ("Jiajing Technology")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Industrial design and new technology development mainly about automobile and its accessories	RMB10,000,000	–	66.24%

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (ii) Overseas subsidiaries

No.	Name	Category	Registered Place	Main Place of Business	Business	Shareholding	
						Shareholding (%)	Dividend (%)
55	CIMC Rolling Stock Australia Pty Ltd. ("CIMC Aus")	Business entity	Australia	Australia	Sales of vehicles	AUD50,000	– 63.33%
56	Enric Energy Equipment Holdings Limited ("Enric")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD1,936,748,088 HKD0.01 per share	– 70.83%
57	Burg Industries B.V.	Business entity	Holland	Holland	Investment holding	EUR841,267	– 100.00%
58	CIMC ENRIC Tank and Process B.V.	Business entity	Holland	Holland	Investment holding	EUR14,040,000	– 70.83%
59	Ziemann Holvriekaldo B.V.	Business entity	Holland	Holland	Sales of tank equipment	EUR136,200	– 70.83%
60	Ziemann Holvrieka International B.V.	Business entity	Holland	Holland	Production, assembly and sale of tank equipment	EUR682,500	– 70.83%
61	Pteris Global Sdn. Bhd ("Pteris Global Sdn. Bhd")	Business entity	Malaysia	Malaysia	Sale service	MYR8,000,000	– 54.34%
62	Noordkoel B.V.	Business entity	Holland	Holland	Sales of tank equipment	EUR500,000	– 70.83%
63	Beheermaatschappij Burg B.V.	Business entity	Holland	Holland	Investment holding	EUR123,155.95	– 100.00%
64	Burg Carrosserie B.V.	Business entity	Holland	Holland	Production of road transport vehicle	EUR18,151,21	– 63.33%
65	Exploitiemaatschappij Intraprogress B.V.	Business entity	Holland	Holland	Trade, financing and leasing of road transport vehicle	EUR15,925	– 63.33%



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### VI. EQUITY IN OTHER ENTITIES (CONTINUED)

#### 1. Equity in subsidiaries (Continued)

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

##### (ii) Overseas subsidiaries (Continued)

No.	Name	Capital structure	Registered place	Main place of business	Business description	Shareholding	Shareholding ratio (%)	
						Shareholding amount	Direct	Indirect
66	Hobur Twente B.V.	Business entity	Holland	Holland	Production and sale of oil and components and parts	EUR45,378.02	–	100.00%
67	Burg Service B.V.	Business entity	Holland	Holland	Assembly and repair of road transport vehicle and tank equipment	EUR150,000	–	70.83%
68	LAG Trailers N.V.	Business entity	Belgium	Belgium	Manufacturing trailer	EUR3,245,000	–	63.33%
69	Ziemann Holvrieka N.V.	Business entity	Belgium	Belgium	Manufacturing tank	EUR991,600	–	70.83%
70	Imm oburg N.V.	Business entity	Belgium	Belgium	Manufacturing road transport vehicle	EUR248,000	–	63.33%
71	Ziemann Holvrieka A/S	Business entity	Denmark	Denmark	Manufacturing tank equipment	DKK1,000,000	–	70.83%
72	Direct Chassis LLC ("DCEC")	Business entity	USA	USA	Manufacturing and sales of various kinds of special-use vehicles	USD10,000,000	–	63.33%
73	CIMC TGE Gasinvestments SA ("TGESA")	Business entity	Luxemburg	Luxemburg	Investment holding	EUR50,000	–	60.00%
74	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%

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## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

### 1. Equity in subsidiaries (Continued)

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

##### (ii) Overseas subsidiaries (Continued)

No.	Name	Capacity	Registered Place	Main Place of Business	Business	Share Capital	Shareholding (%)	
						Denomination	Direct	Indirect
75	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%
76	CIMC Raffles Investments Limited	Business entity	Hongkong, China	Hongkong, China	Investment holding	HKD2	–	100.00%
77	CIMC Raffles Leasing Pte. Ltd.	Business entity	Singapore	Singapore	Leasing of marine ship	SGD2	–	100.00%
78	Caspian Driller Pte. Ltd.	Business entity	Singapore	Singapore	Leasing of marine ship	USD30,000,000	–	100.00%
79	Technodyne International Limited ("Technodyne")	Business entity	United Kingdom	United Kingdom	Research and development of energy equipment	GBP1	–	60.00%
80	Gadidae AB.	Business entity	Sweden	Sweden	Investment holding	SEK1,000,000	–	100.00%
81	Perfect Victor Investments Limited ("Perfect Victor")	Business entity	Hongkong, China	Hongkong, China	Investment holding	USD1	–	100.00%
82	Ziemann Holvrieka GmbH ("Ziemann Group")	Business entity	Germany	Germany	Design, production and sales of beer fermentation machine	EUR16,000,000	–	70.83%
83	Albert Ziegler GmbH ("Ziegler")	Business entity	Germany	Germany	Manufacturing of Fire engine	EUR13,543,000	–	60.00%

## Notes to the Financial Statements

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### VI. EQUI

No.	Name	Category	Registered Place	Main Place of Business	Business Description	Shareholding	Shareholding Ratio (%)	
						Shareholding Amount	Direct	Indirect
84	Bassoe Technology AB ("Bassoe")	Business entity	Sweden	Sweden	Designation of Marine engineering	SEK1,000,000	–	90.00%
85	CIMC MBS Limited ("Verbus Systems")	Business entity	United Kingdom	United Kingdom	Investment holding	GBD3,884,303	–	80.00%
86	Zhenhua logistics (Hongkong) Co., Ltd. ("Zhenhua Hongkong")	Business entity	Hongkong, China	Hongkong, China	Logistics	USD6,600,000	–	75.00%
87	CIMC Australia Road Transport Equipment Pty Ltd ("CARTE")	Business entity	Australia	Australia	Investment holding	AUD8,300,000	–	63.33%
88	Brigantine International Holdings Limited ("Brigantine International Holdings")	Business entity	Hongkong, China	Hongkong, China	Investment holding	HKD10,000,000	–	70.00%
89	Brigantine Services Limited ("Hongkong Brigantine Services")	Business entity	Hongkong, China	Hongkong, China	Container repair and renovation, container trade	HKD5,000,000	–	70.00%
90	Pteris Global Ltd	Business entity	Singapore	Singapore	Investment holding	SPG322,947,152	–	54.34%
91	Techman (Hong Kong) Limited	Business entity	Hongkong, China	Hongkong, China	Investment holding	HKD450,749,000	–	54.34%
92	Retlan Manufacturing Limited	Business entity	UK	UK	Vehicles manufacturing	692,041 ordinary shares	–	63.33%
93	Briggs Group Limited	Business entity	UK	UK	Engineering design	GBP50,000	–	70.83%

## Notes to the Financial Statements

For the period ended 30 June 2016  
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### 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)

#### 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%
Shanghai Three Eyre	Shanghai	Shanghai	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%

The equity mentioned above is measured by equity method.

##### (2) Excess deficit of associates and joint ventures

There are 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.

## Notes to the Financial Statements

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### 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
<b>Joint ventures –</b>						
Shanghai Baijian	Shanghai	Shanghai	Container repair service	No	–	35.00%
Shanghai Shenyi	Shanghai	Shanghai	Auto parts business	No	–	15.83%
Dalian Jilong	Dalian	Dalian	Container repair service	No	–	50.00%
Tianjin Jinshi	Tianjin	Tianjin	Container repair service	No	–	35.00%
Kawasaki Zhenhua	Tianjin	Tianjin	Logistics support services	No	–	38.25%
Guangxi South Logistics	Nanning	Nanning	Logistics service	No	–	50.00%
SCSCRC	Shanghai	Shanghai	Refrigeration equipment business	No	–	38.89%
Qingdao Jiefeng	Qingdao	Qingdao	Container repair service	No	–	35.00%
<b>Associates –</b>						
Marine Subsea & Consafe Limited	Cyprus	Cyprus	Marine related business	No	–	40.00%
Shanghai Xiangtong Automotive Components Company Limited	Shanghai	Shanghai	Auto parts business	No	–	16.62%
Nantong Xinyang Environmental Protection Industry Co., Ltd.	Nantong	Nantong	Environmental protection board service	No	–	20.00%
Xia'men CIMC	Xia'men	Xia'men	Container repair service	No	–	45.00%
Dalian Jilong Logistics	Dalian	Dalian	Logistics service	No	–	30.00%
Ningbo Beilun	Ningbo	Ningbo	Container service	No	–	21.00%
Xuzhou CIMC Wood Co., Ltd	Xuzhou	Xuzhou	Wood	No	–	35.00%
Xinyang Wood Industry	Hongkong	Hongkong	Wood	No	–	20.00%
Senjv Technology	Jiangmen	Jiangmen	Materials business	No	–	25.33%
Ningxia Changming Natural Gas Development Co., Ltd.	Ningxia	Ningxia	Gas liquefaction	No	–	29.00%

## Notes to the Financial Statements

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### VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 4. Information of other related parties

Company name	Relationship with the Group
Florens Container Corporation S.A.	Subsidiary of significant shareholder
Florens Maritime Limited	Subsidiary of significant shareholder
Shenzhen China Merchants Real Estates Co., Ltd.	Subsidiary of significant shareholder
Gasfin Investment S.A	Minority shareholder of subsidiary
COSCO Container Industries Limited	Significant shareholder
China Merchant International Ltd.	Significant shareholder
Shanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of subsidiary
SUMITOMO CORPORATION	Minority shareholder of subsidiary
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of subsidiary
Tianjin Port International Logistics Development Co., Ltd.	Minority shareholder of subsidiary
Frigstad Deepwater Holding Limited	Minority shareholder of subsidiary
Eighty Eight Dragons Limited	Minority shareholder of subsidiary
Quercus Limited	Minority shareholder of subsidiary
Shiny Laburnum Limited	Minority shareholder of subsidiary
Inland Services B.V. (Netherlands)	Minority shareholder of subsidiary
Asahi Trading Co., Ltd.	Minority shareholder of subsidiary
Wuhu Tairui Vehicle Ltd	Minority shareholder of subsidiary
Shunde Binuo Sunshine Property Co., Ltd.	Minority shareholder of subsidiary

Note: Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

## Notes to the Financial Statements

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### VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions

The following transactions with related parties were conducted under normal commercial terms or relevant agreements.

##### (1) Purchase of goods and receiving of services

###### *The Group*

Name	Nature of the transaction	For the Period ended 30 June 2016	For the Period from 1 January to 30 June 2015
		Amount	Amount
Y&C Engine Co., Ltd.	Purchase of goods	140,744	175,989
TSC	Purchase of goods	343	13,053
Xuzhou CIMC Wood Co., Ltd	Purchase of goods	144	–
Asahi Trading Co., Ltd	Purchase of goods	23,053	16,498
Shanxi Heavy Duty Automobile Co., Ltd	Purchase of goods	28,966	200
SUMITOMO CORPORATION	Purchase of goods	168	–
Other related parties	Purchase of goods	5,469	753,465
Sub-total	Purchase of goods	198,887	959,205
Other related parties	Receiving of services	10,913	14

###### *The Company*

Emoluments of the directors, supervisor and senior management of the Company refer to VIII.5(4).

##### (2) Sales of goods and rendering of services

###### *The Group*

Name	Nature of the transaction	For the Period ended 30 June 2016	For the Period from 1 January to 30 June 2015
		Amount	Amount
Florens Maritime Limited	Sale of goods	66,874	485,396
Florens Container Corporation S.A.	Sale of goods	52	322,290
SUMITOMO CORPORATION	Sale of goods	99,554	13,033
Shanxi Heavy Duty Automobile Co., Ltd	Sale of goods	38,242	80,804
NYK Zhenhua	Sale of goods	984	–
Guangxi Southern Logistic	Sale of goods	4,516	–
Other related parties	Sale of goods	6,119	2,056
Sub-total	Sale of goods	216,341	903,579
Other related parties	Rendering of services	10,352	473

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## Notes to the Financial Statements

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### VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions (Continued)

##### (4) Other related party transactions

- (i) The Company adopted a new share options scheme since 28 September 2010 (see Note IX). Details of unexercised share options granted to key management personnel as at 30 June 2016 are as follows:

Name	Position	Number of share options granted (in '0000)
Mai Boliang	President, Chairman	285
Wu Fapei	Vice Chairman	75
Li Yinghui	Vice Chairman	75
Yu Ya	Vice Chairman	65
Liu Xuebin	Vice Chairman	99.7
Zhang Baoqing	Vice Chairman	75
Gao Xiang	Vice Chairman	37.5
Jin Jianlong	General Manager of Finance Department	64
Yu Yuqun	Secretary of the Board	75
Total		851.2

Some key management personnel were not only granted the above share options of the Company but also were granted share options of Enric, the subsidiary of the Company. Details of unexercised share options granted to key management personnel as at 30 June 2016 are as follows:

Name	Position	Number of share options granted (in '0000)
Wu Fapei	Vice Chairman	50
Yu Ya	Vice Chairman	25
Gao Xiang	Vice Chairman	190
Jin Jianlong	General Manager of Finance Department	140
Yu Yuqun	Secretary of the Board	129.8
Total		534.8

Note: Approved by the second meeting of the seventh board of directors, Ms. Zeng Beihua left the position due to the expiration of the term of office and Ms. Yang Rong was appointed as the General Manager of Treasury Department. As at 30 June 2016, Ms. Zeng Beihua still had 750,000 options of the Company and 3,000,000 options of Enric unexercised.

For detailed information for fair value of the granted share options aforesaid, please refer to Note IX.

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## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### 5. Related party transactions (Continued)

#### (4) Other related party transactions (Continued)

##### (ii) Emoluments of the directors, supervisor and senior management of the Company

Directors' and key management personnel's emoluments for the period ended 30 June 2016 are as follows:

Name		Salary and袍	Perquisites	Share options	Director's fee	Other	Total
Directors							
Wang Hong		-	-	-	-	-	-
Zhang Liang	Note (i)	-	-	-	-	-	-
Wang Yuhang	Note (ii)	-	-	-	-	-	-
Mai Boliang		-	1,310	30	-	192	1,547
Wu Shuxiong	Note (i)	-	-	-	-	-	-
Wang Zhixian	Note (iii)	-	-	-	-	-	-
Liu Chong	Note (ii)	-	-	-	-	-	-
Pan Chengwei		100	-	-	-	-	100
Wang Guixun		100	-	-	-	-	100
Li Kejun	Note (i)	-	-	-	-	-	-
Pan Zhengqi	Note (ii)	17	-	-	-	-	17
Sub-total		217	1,310	30	-	192	1,764
Supervisors							
He Jiale	Note (iii)	-	-	-	-	-	-
Xiong Bo		-	88	19	54	-	167
LAM Yuk Lau	Note (iii)	-	-	-	-	-	-
Zhang Mingwen	Note (iii)	-	-	-	-	-	-
Sub-total		-	88	19	54	6	167
Other key management personnel							
Wu Fapei		-	662	52	600	15	1,329
Li Yinhui		-	662	51	600	15	1,328
Liu Xuebin		-	689	52	600	15	1,356
Zhang Baoqing		-	662	51	600	15	1,328
Yu Ya		-	662	-	600	-	1,262
Gao Xiang		-	669	45	-	11	725
Jin Jianlong		-	637	-	600	-	1,237
Zeng Beihua	Note (iv)	-	317	-	300	-	617
Yang Rong	Note (iv)	-	200	11	660	7	878
Yu Yuqun		-	630	30	-	7	667
Sub-total		-	5,790	292	4,560	85	10,727
Total		217	7,188	341	4,614	192	12,658

Note (i): On 31 May 2016, as approved at the 2015 Annual General Meeting of the Company, Mr. Zhang Liang, Mr. Wu Shuxiong, Mr. Li Kejun left their position due to the expiration of the term of office.

Note (ii): On 31 May 2016, as approved at the 2015 Annual General Meeting of the Company, Mr. Wang Yuhang was elected as Vice Chairman and non-executive Directors of the eighth session of the Board of the Company; Mr. Liu Chong was elected as non-executive Directors of the eighth session of the Board of the Company; Mr. Pan Zhengqi was elected as independent non-executive Directors of the eighth session of the Board.

Note (iii): On 31 May 2016, as approved at the 2015 Annual General Meeting of the Company, Mr. Wang Zhixian and Mr. He Jiale left their position due to the expiration of the term of office. Mr. Wang Zhixian was elected as non-executive Directors of the eighth session of the Board of the Company; Mr. LAM Yuk Lau and Mr. Zhang Mingwen were elected as the supervisors on behalf of shareholders for the eighth session of the Supervisory Committee.

Note (iv): Approved by the second meeting of the seventh board of directors, Ms. Zeng Beihua left the position due to the expiration of the term of office and Ms. Yang Rong was appointed as the General Manager of Treasury Department.

The five individuals who received the highest are included aforesaid In the period.

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### VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions (Continued)

##### (4) Other related party transactions (Continued)

###### (ii) *Emoluments of the directors, supervisor and senior management of the Company (Continued)*

Directors' and key management personnel's emoluments for the period from 1 January to 30 June 2015 are as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries						Total
		Salary and allowance	Pension	Bonus	Sign-off bonus	Housing allowance	Others	
Directors								
Li Jianhong		-	-	-	-	-	-	-
Zhang Liang		-	-	-	-	-	-	-
Wang Hong		-	-	-	-	-	-	-
Mai Boliang		-	1,310	20	3,284	-	13	4,627
Wu Shuxiong		-	-	-	-	-	-	-
Wang Guixun		100	-	-	-	-	-	100
Li Kejun	Note (v)	83	-	-	-	-	-	83
Pan Chengwei		100	-	-	-	-	-	100
Sub-total		283	1,310	20	3,284	-	13	4,910
Supervisors								
Wang Zhixian	Note (vi)	-	-	-	-	-	-	-
Huang Qianru	Note (vi)	-	-	-	-	-	-	-
He Jiale		-	-	-	-	-	-	-
Xiong Bo		-	85	15	54	-	6	160
Sub-total		-	85	15	54	-	6	160
Other key management personnel								
Wu Fapei		-	612	25	600	-	13	1,250
Li Yinghui		-	461	24	600	-	13	1,098
Liu Xuebin		-	669	25	244	-	13	951
Zhang Baoqing		-	640	24	-	-	13	677
Yu Ya		-	669	13	600	-	8	1,290
Jin Jianlong		-	562	-	600	-	-	1,162
Zeng Beihua		-	568	-	600	-	-	1,168
Yu Yuqun		-	630	20	2,051	-	13	2,714
Sub-total		-	4,811	131	5,295	-	73	10,310
Total		283	6,206	166	8,633	-	92	15,380

Note (v): Mr. Li Kejun begun to serve as director of the company on 8 June 2015.

Note (vi): Ms. Huang Qianru resigned from the position of supervisor and Mr. Wang Zhixian was elected to serve as supervisor of the company on in February 2015.

The five individuals who received the highest are included aforesaid for the period from 1 January to 30 June 2015.

Other benefits mainly consists of housing funds, pensions, medical insurance, etc.

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### VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

#### 5. Related party transactions (Continued)

##### (4) Other related party transactions (Continued)

###### *(iii) Termination benefits for directors*

In the period, there was no compensation for directors with terminated appointment from the Company and the subsidiaries. (2015 1-6: Nil).

###### *(iv) Consideration paid to third parties for service of directors*

In the period, there was no consideration paid to third parties for service of directors (2015 1-6: Nil).

###### *(v) Loans, quasi-loans offered and other transactions with directors, legal entities controlled by directors and their related persons*

As at 30 June 2016, there were no loans, quasi-loans and guarantees offered to directors, legal entities controlled by directors and their related persons (31 December 2015: Nil).

###### *(vi) Significant interest of directors in transactions, arrangement and contracts.*

In the period, the Company did not enter into any agreement that related to the business of the Group, in which the directors have significant interest in transactions, arrangement and contracts directly or indirectly (2015 1-6: Nil).

#### 6. Receivables due from and payables due to related parties

Refer to Note IV.4 for details of accounts receivable.

Refer to Note IV.5 for details of other receivables.

Refer to Note IV.6 for details of advance to suppliers.

Refer to Note IV.21 for details of other non-current assets.

Refer to Note IV.27 for details of accounts payable.

Refer to Note IV.33 for details of other payables.

Refer to Note IV.28 for advance from customers.

#### 7. Commitments in relation to related parties

As at 30 June 2016, there are no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group.

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### IX. SHARE-BASED PAYMENTS

#### 1. Information about share-based payments

Total equity instruments granted During the period	The total number of share options granted by the Company and Enric was 0 this period.
Total equity instruments exercised During the period	The number of exercised share options granted by the Company and Enric were 540,000 and 1,121,000 respectively this period.
Total equity instruments forfeited During the period	The total number of share options forfeited was 0 this period. The number of share options forfeited in Enric was 0 this period.
The exercise price of outstanding share options at the end of the year and residual life of the share options contracts	<ol style="list-style-type: none"> <li>Equity-settled share options granted by Enric in 2009, 2011 and 2014: HKD 4, HKD 2.48 and HKD 11.24 per share respectively, the residual life of contract is 3.33, 5.32 and 7.94 years respectively;</li> <li>Equity-settled share options granted by the Company in 2010 and 2011: RMB 10.55 (after adjustment) and RMB 16.08 per share respectively (after adjustment), the residual life of contracts is both 4.24 years.</li> </ol>
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 ended 30 June 2016	For the Period from 1 January to 30 June 2015
Equity-settled share-based payment	19,889	31,665

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### 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 J 2016 '000	31 December 2015 '000
Beginning balance	86,599	90,863
Granted in current period	-	-
Exercised in current period	(1,121)	(4,144)
Cancelled in current period	(1,680)	(120)
Forfeited in current period	-	-
Ending balance	83,798	86,599

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### 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 options 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 satisfy all the conditions 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 RMB12.39 per share while the remaining 6,000,000 options were for reservation.

The Company distributed a cash dividend of RMB0.35 per share, RMB0.46 per share, RMB0.23 per share, RMB0.27, RMB0.31 and RMB0.22 per share on 31 May 2011, 21 June 2012, 28 June 2013, 27 June 2014, 29 July 2015 and 31 May 2016 respectively to ordinary shareholders. In accordance with the Scheme, upon the implementation of the annual dividend distribution plan for 2010, 2011, 2012, 2013, 2014 and 2015, 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 RMB10.55 per share.

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### 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)

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 RMB17.57 per share. With the implementation of annual dividend distribution plan for 2011, 2012, 2013, 2014 and 2015 to ordinary shareholders with cash dividend of RMB0.46, RMB0.23, RMB0.27, RMB0.31 and RMB0.22 respectively, the exercise price for the reserved share options was adjusted to RMB16.08 per share. Movement of share options of the Company:

	30 J 2016 '000	31 December 2015 '000
Beginning balance	25,986	46,259
Exercised in current period	(540)	(19,095)
Cancelled in current period	-	(1,103)
Forfeited in current period	-	(75)
Ending balance	25,446	25,986

##### (3) Equity-settled share-based payment of CIMC Tianyu



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### IX. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Information on equity-settled share-based payment (Continued)

##### (4) 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 2016, Accumulated amount recognised in capital reserve for equity-settled share-based payments	<b>413,240</b>
Total expenses recognised for equity-settled share-based payments for current period	
Including:	
–attributed to the Company	
– attributed to Enric	<b>19,889</b>
	<b>19,889</b>

#### 3. Information on cash-settled share-based payment

According to the approved Share Appreciation Rights Scheme (draft) Revised ("Scheme") during the board meeting of Raffles held on 27 September 2011, a subsidiary of the Group, Raffles adopted Share Appreciation Rights ("SARs") which is to grant the relevant incentive recipients the right to receive incentive amount in cash from Raffles upon the satisfaction of relevant financial performance of Raffles. Incentive amount is the excess of fair market price of A share of the Company on a particular date over the exercise price.

The scope of incentive recipients of this scheme: the appointed senior management who is non-Chinese nationality of Raffles and its subsidiaries or associates as well as person(s) who made special contribution to Raffles in the discretion of the board of directors. There are 4 incentive recipients in the scope with total 760,000 SARs granted.

The Scheme is conditional, which sets stipulations for appraisal result of incentive recipients' performance, misconduct activity and financial performance standards of the Group to fulfil.

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For the period ended 30 June 2016  
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### IX. SHARE-BASED PAYMENTS (CONTINUED)

#### 3. Information on cash-settled share-based payment (Continued)

The SARs are exercisable in 2 instalment periods after 2 years from the right-grant date upon the satisfaction of exercisable conditions:

- (1) The SARs are up to 25% exercisable from the first transaction date after 24 months since grant date to the last transaction date after 48 months since grant date.
- (2) The remaining SARs up to 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme.

Raffles will write off the unexercised SARs after each exercise period expires if the SARs being requested for exercise by the grantee satisfying exercise conditions is less than the number of effective SARs during each period.

Raffles will write off unexercised SARs, which was granted but invalid due to un-satisfaction of the exercise condition during the exercise period, after each period expires.

As at 30 June 2016, the amount of accumulated liabilities to cash-settled share-based payment was nil, and the expenses recognised for cash-settle share-based payment was nil for current period.

There is no movement of cash-settled share options.

## Notes to the Financial Statements

For the period ended 30 June 2016

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### X. CONTINGENCIES

#### 1. Contingent liabilities

CIMC Raffles, a subsidiary of the Group, entered into drilling platform construction contracts with relevant purchasers, which involve terms of compensation for delivery postponement. For certain contracts, the management expected the risk of delivery postponement which will incur the compensation is high, therefore the management decided to accrue a provision of estimated liabilities amounted to US\$8,225,000 (equivalent to RMB54,542,000) in accordance with both the daily compensation amount written in the contracts and the expected postponed days with highest chance.

Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH) (a subsidiary of the Group) provided guarantee to the mortgage loans by which some of its clients bought its mixer trucks, but some of the loans repayments have been overdue severely, the management expected there is possibility for YZTH to repay the loans for the clients, therefore they decided to accrue a provision amounting to RMB26,530,000.

#### 2. Guarantees provided for external parties

CIMC Vehicle Group, a subsidiary of the Group, developed business of buyer's credit of vehicles and signed contracts with Bank of Communications, China Merchants Bank and China Everbright Bank, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of CIMC Vehicle Group and its holding subsidiaries arising from purchase of vehicle products. As at 30 June 2016, as approved by the Board of the Company, the aggregate amount of credit facilities in respect of which CIMC Vehicle Group and its holding subsidiaries provided guarantees to the distributors and customers was approximately RMB996,400,000 (31 December 2015: RMB809,315,000).

CIMC Raffles, a subsidiary of the Group, provided guarantees to its customers by way of vessel leasing. As at 30

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### X. CONTINGENCIES (CONTINUED)

3. Notes payable issued but not accounted for, outstanding letter of credit issued but undue and outstanding performance guarantees

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### XI. COMMITMENTS

#### 1. Significant commitments

##### (1) Capital commitments

	30 J 2016	31 December 2015
Significant fixed assets purchase contracts entered into under performance or preparation of performance	4,097	10,657
Investment contracts entered into but not performed or performed partially	78,734	556,006
Significant contracts entered into for Ships to be manufactured for sales or lease	254,150	383,489
External investment approved by the Board of Directors	3,216	10,029
Total	340,197	960,181

Capital commitments authorised by the management but are not yet contracted for:

	30 J 2016	31 December 2015
Buildings, machinery and equipment	3,216	10,029

##### (2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts at the year end are summarised as follows:

	30 J 2016	31 December 2015
Within 1 year (inclusive)	53,578	45,565
Over 1 year but within 2 years (inclusive)	26,758	32,499
Over 2 years but within 3 years (inclusive)	25,568	20,454
Over 3 years	55,984	70,025
Total	161,888	168,543

Operating lease recognised as expenses in the period amounted to RMB44,177,000 (For the period from 1 January to 30 June 2015: RMB65,711,000).

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### XII. EVENTS AFTER THE BALANCE SHEET DATE

1. On 31 May 2016, the Company considered and approved the Resolution on the Registration and Issuance of Medium Term Notes (including Perpetual Medium Term Notes) and Super & Short-term Commercial Papers in the PRC at the annual general meeting of 2015 which, among others, approved the issuance by the Company of RMB medium term note with a size of not more than RMB6.0 billion. On 11 August 2016, the Company issued the first tranche of the Medium Term Note for 2016 with a size of RMB3.5 billion, a coupon rate of 3.07% and a term of three years. On 22 August 2016, the Company issued 2016 Tranche II Medium Term Notes with a size of RMB2.5 billion, fixed interest rate of 3.15% per annum and a term of three years. For relevant information, please refer to the announcements (Notice No.: [CIMC] 2016-033 and [CIMC] 2016-045) disclosed in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) by the Company on 1 June 2016, 13 August 2016 and 23 August 2016, respectively.
2. On 18 August 2016, the Company signed a strategic cooperation framework agreement with Global Logistic Properties Investment Management (China) Co., Ltd.. Under the Agreement, both parties intend to jointly develop their logistic properties business and forge a comprehensive strategic partnership based on their relevant strategic resources, so as to achieve benefits from complementary advantages and powerful alliances. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2016-047) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) by the company on 19 August 2016, and the relevant announcement published on the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)), respectively.

### 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

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### 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:

I	E											
	R a						E					
	a						a					
	C a	P r	P r	P r	P r	P r	F a	P r	P r	P r	P r	T a
	1 Ja	1 Ja	1 Ja	1 Ja	1 Ja	1 Ja	1 Ja	1 Ja	1 Ja	1 Ja	1 Ja	1 Ja
	30 J	30 J	30 J	30 J	30 J	30 J	30 J	30 J	30 J	30 J	30 J	30 J
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
External transaction	4,604,375	6,957,207	4,180,802	1,108,446	1,128,444	3,183,410	1,114,356	315,698	795,514	154,591		23,542,843
Inter segment transaction	294,243	56,147	157,307	2,595,243		35,207			64,845	142,732	(3,345,724)	
Cost of sales from main operations	4,059,329	5,628,816	3,529,358	3,316,300	886,690	2,798,683	366,336	100,269	833,364	196,168	(2,919,444)	18,795,869
Investment income/(losses) in joint ventures and associates	(1,008)	876				10,816	1,638	729	285	464		13,800
Impairment loss for the period	2,777	5,957	1,243,256	(74)	(5,611)	3,003	18,193					1,267,501
Depreciation and amortization expenses	209,275	254,554	149,758	308,335	39,122	78,255	85,057	4,913	65,959	13,706	33,747	1,242,681
Interest income	101,117	35,774	27,336	51,829	1,476	6,149	104,947	7,358	1,722	563,003	(825,427)	97,294
Interest expenses	23,844	47,735	58,941	123,596	10,075	18,951	71,008	10,655	48,240	16,749	(652,781)	315,082
Segment operating profit/(losses)	(111,321)	481,392	(946,223)	(3,315)	19,751	108,555	490,441	60,771	(96,906)	(14,346)	(56,312)	(165,844)
Income tax expenses	28,311	119,499	75,354	673	9,046	40,121	36,733	17,996	(383)	677		47,289
Net profit/(losses)	(139,632)	361,893	(1,021,577)	(3,988)	10,705	68,434	453,708	42,775	(96,523)	(15,023)	(56,312)	(541,160)
Segment total assets	17,397,726	14,247,786	14,321,362	32,436,954	3,601,739	3,782,472	26,209,657	3,978,965	3,854,489	6,346,909	(16,845,957)	114,799,917
Segment total liabilities	9,770,436	7,739,888	9,853,675	32,138,731	2,285,789	2,786,536	22,213,077	2,805,512	3,768,664	3,010,122	(53,106,584)	37,180,383
Supplementary information:												
- Segment expenditures/(income) other than depreciation and amortization	(14,050)	7,947	1,225,737	2,716	1,699	2,313	30,740		(318)	39,767	(187,384)	1,109,167
- Long-term equity investment of joint ventures and associates	54,358	78,521	4,678			532,944	192,774	100,217	194,566	842,949		2,001,007
- Segment expenditures raising from additions of non-current assets	331,544	739,497	155,752	967,801	177,076	229,971	3,603,214	1,917	17,927	326,734	6,456	6,557,889

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### 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)

Item	Containers for the Period from 1 January to 30 June 2015	Road transportation vehicles for the Period from 1 January to 30 June 2015	Energy and chemistry & food equipment for the Period from 1 January to 30 June 2015	Offshore business for the Period from 1 January to 30 June 2015	Airport facilities for the Period from 1 January to 30 June 2015	Logistic services for the Period from 1 January to 30 June 2015	Finance for the Period from 1 January to 30 June 2015	Property development for the Period from 1 January to 30 June 2015	Heavy trucks for the Period from 1 January to 30 June 2015	Others for the Period from 1 January to 30 June 2015	Elimination between segments for the Period from 1 January to 30 June 2015	Unallocated items for the Period from 1 January to 30 June 2015	Total for the Period from 1 January to 30 June 2015
	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015	Period from 1 January to 30 June 2015
External transaction	12,175,096	6,615,446	4,498,517	2,587,488	883,084	4,148,284	825,057	238,713	293,853	371,751	-	-	32,637,289
Inter segment transaction	303,536	66,669	275,915	2,455,787	-	119,526	-	-	102,237	320,941	(3,644,611)	-	-
Cost of sales from main operations	10,454,994	5,416,408	3,936,848	4,959,077	580,479	3,912,129	263,627	140,211	357,033	461,202	(3,207,478)	-	27,274,530
Investment income/(losses) in joint ventures and associates	38	176	(1,006)	-	-	7,961	6,494	148,650	(5,838)	3,469	-	(150)	159,794
Impairment loss for the period	5,527	24,038	(6,943)	(54)	386	3,786	108,790	-	-	-	-	-	135,530
Depreciation and amortization expenses	193,223	156,965	152,581	116,710	22,876	100,092	114,941	3,762	100,768	16,356	-	35,260	1,013,534
Interest income	130,687	30,179	17,747	104,377	983	5,326	83,019	8,082	2,896	391,070	(579,182)	372	195,556
Interest expenses	31,352	48,882	27,721	218,638	9,815	18,343	166,596	14,198	43,512	13,212	(442,111)	468,531	618,689
Segment operating profit/(losses)	959,864	391,336	348,313	19,768	(44,643)	86,490	610,912	148,113	(142,248)	(22,849)	199,110	(476,688)	2,077,478
Income tax expenses	249,855	72,610	88,859	1,110	2,602	29,016	20,608	8,997	(3,455)	747	-	(45,881)	425,068
Net profit/(losses)	710,009	318,726	259,454	18,658	(47,245)	57,474	590,304	139,116	(138,793)	(23,596)	199,110	(430,806)	1,652,411
Segment total assets	19,789,115	11,284,269	11,489,721	26,842,408	2,798,186	4,413,656	15,637,555	4,169,390	4,027,447	4,703,838	(14,032,690)	4,470,594	95,593,489
Segment total liabilities	12,264,598	6,244,818	6,350,415	26,243,460	2,051,089	3,013,666	11,914,351	3,326,028	3,650,603	2,151,726	(42,665,054)	30,816,921	65,362,621
Supplementary information:													-
- Segment expenditures/(income) other than depreciation and amortization	(176,823)	11,370	(18,690)	(102,921)	(2,479)	5,400	107,511	-	(782)	(41,743)	-	208,096	(11,063)
- Long-term equity investment of joint ventures and associates	52,939	50,331	4,000	2	-	483,639	159,888	260,326	197,969	47,047	-	212,226	1,468,367
- Segment expenditures raising from additions of non-current assets	571,433	255,948	179,549	222,533	433,695	368,983	11,028,575	71	16,659	5,324	-	80,912	13,163,682



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### 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 physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

*Geographic information (according to the receiving party division)*

Item	Revenue		Total assets	
	For the period from 1 January to 30 June 2016	For the period from 1 January to 30 June 2015	30 June 2016	31 December 2015
P.R.China	8,454,654	12,516,030	50,929,659	47,110,129
Asia (exclusive of China)	1,838,387	6,105,303	466,671	270,572
America	3,503,214	6,891,033	264,033	214,442
Europe	8,283,362	6,445,230	1,936,289	1,189,268
Others	1,463,226	679,693	86,504	78,796
Total	23,542,843	32,637,289	53,683,156	48,863,207

### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign exchange risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks and etc.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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.

The management team of the Group had made the plan for financial leasing receivable risk management, based on the research on its own industries, the credit rating of counterparties and the knowledge of the counterparties' businesses and financial standings. If the default of contract occurs, the management team of the Group may ask for returning, withdrawing or selling leased property, depending on the applicableness in individual cases. If the delay of repayment occurs, the management team keeps the right to collect the default interest based on the amount of overdue repayment and default interest rate, until the overdue payment will have been paid. In addition, the management team may ask for the deposit which can be paid for the money owed by the lessee, depending on individual cases. When the Group assesses the credit risk, its strategy is to manage, restrict and control the over-concentration of the credit risk, especially, regularly assessing lessee's ability to make the repayment.

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This Group has made the provision for the significant overdue receivables at 30 June 2016.

Based on the indicators such as assets conditions and profit forecast of the associates and joint ventures, the Group provide funds to them and continuously monitor the project progress and business condition, to ensure the recoverability of fund.

In addition, the receivables of the Group that are neither overdue nor impaired mainly due from a wide range of customers for whom there was no recent history of default.

The Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate. And therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company had a certain concentration of credit risk, as 11.29% (2015: 12.40%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

Investments are normally made only to liquid securities quoted on a recognised stock exchange (except for investments for long-term strategic purposes). Besides, the credit rating of counterparty should be the same or above the Group. For transactions involving derivative financial instruments, counterparties should have sound credit ratings and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit ratings, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, as in the balance sheet. Except for the financial guarantees given by the Group as set out in Note X, the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note X.

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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 be required to pay:

	30 June 2016					Balance sheet	
	Current assets					Current liabilities	
	Working capital	12 months	24 months	36 months	Over 36 months	Total	Amount
Financial assets							
Cash at bank and on hand	5,041,751					5,041,751	5,041,751
Financial assets at fair value through profit or loss	144,998		14,581			159,579	159,579
Accounts receivable and other receivables	17,247,175					17,247,175	17,247,175
Current portion of non-current assets	3,262,995					3,262,995	3,262,995
Long-term receivables		4,058,827	7,445,599	13,637,035	25,141,461	23,680,288	
Sub-total	25,696,919	4,058,827	7,460,180	13,637,035	50,852,961	49,391,788	
Financial liabilities							
Financial liabilities at fair value through profit or loss	120,442		54,400			174,842	174,842
Short-term borrowings	18,155,292					18,155,292	18,155,292
Notes payable	1,857,003					1,857,003	1,857,003
Accounts payable and other payables	15,567,737					15,567,737	15,567,737
Interest payable	115,691					115,691	115,691
Dividends payable	698,471					698,471	698,471
Current portion of non-current liabilities	801,887					801,887	801,887
Long-term borrowings	679,993	6,994,049	12,283,354	10,809,088	30,766,484	29,041,014	
Long-term payables		318,676	228,503	136,221	683,400	689,773	
Sub-total	37,996,516	7,312,725	12,566,257	10,945,309	68,820,807	67,101,710	
Net total	(12,299,597)	(3,253,898)	(5,106,077)	2,691,726	(17,967,846)	(17,709,922)	

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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 2. Liquidity risk (Continued)

As at 30 June 2016, the Group has got commitments from main financial institutions to provide enough reserve funds, in order to satisfy short-term and long-term demands of working capital.

	31 December 2015 Contractual undiscounted cash flow					Balance sheet carrying amount
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
<b>Financial assets</b>						
Cash at bank and on hand	4,487,166	–	–	–	4,487,166	4,487,166
Financial assets at fair value through profit or loss	133,294	–	19,755	–	153,049	153,049
Accounts receivable and other receivables	15,928,370	–	–	–	15,928,370	15,928,370
Current portion of non-current assets	5,559,327	–	–	–	5,559,327	3,228,668
Long-term receivables	–	3,478,453	7,084,625	11,122,586	21,685,664	12,734,564
Sub-total	26,108,157	3,478,453	7,104,380	11,122,586	47,813,576	36,531,817
<b>Financial liabilities</b>						
Financial liabilities at fair value through profit or loss	291,037	–	15,203	–	306,240	306,240
Short-term borrowings	17,909,024	–	–	–	17,909,024	17,909,024
Notes payable	1,749,077	–	–	–	1,749,077	1,749,077
Accounts payable and other payables	14,178,019	–	–	–	14,178,019	14,178,019
Interest payable	216,374	–	–	–	216,374	216,374
Dividends payable	56,034	–	–	–	56,034	56,034
Current portion of non-current liabilities	4,765,523	–	–	–	4,765,523	4,765,523
Long-term borrowings	9,577	16,534,428	11,140,759	1,067,646	28,752,410	23,684,838
Long-term payables	–	309,599	248,399	22,105	580,103	550,136
Sub-total	39,174,665	16,844,027	11,404,361	1,089,751	68,512,804	63,415,265
Net total	(13,066,508)	(13,365,574)	(4,299,981)	10,032,835	(20,699,227)	(26,883,448)

Bank and other borrowings are analysed by repayment terms as follows:

	30 J Ba ff \ .	2016 O . ff \ .	31 December 2015 Bank borrowings	Other borrowings
Within 1 year	18,811,792	–	18,558,027	–
1 to 2 years	6,751,012	–	15,224,106	–
2 to 5 years	11,856,519	–	7,594,903	–
Over 5 years	10,433,483	–	865,829	–
	47,852,806	–	42,242,865	–

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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 2016, the Group held the following interest-bearing financial instruments:

	30 J 2016		31 December 2015	
	Interest rate (%)	Amount	Interest rate (%)	Amount
Fixed rates interest-bearing financial instruments				
Financial assets				
– Long-term receivables	2.58%-17.53%	23,680,288	2.58%-17.53%	12,734,564
– Current portion of non-current assets	2.58%-17.53%	3,262,995	2.58%-17.53%	3,228,668
Financial liabilities				
– Short-term borrowings	0.72% 16.42%	13,107,724	0.63%-17.12%	8,555,791
– Current portion of debentures payable			4.43%-5.23	3,998,881
– Current portion of long-term borrowings	2.65% 4.75%	656,364	–	–
– Long-term borrowings	1.20% 6.00%	14,040,406	1.2%-6.15%	3,916,702
Total		(861,211)		(508,142)
Floating rates interest-bearing financial instruments				
Financial assets				
– Cash at bank and on hand	0.35%-3.75%	5,041,751	0.35%-3.75%	4,487,166
Financial liabilities				
– Current portion of long-term borrowings			1MLibor+145bps~ 1MLibor+245bps	649,003
– Long-term borrowings	1ML $i+115$ , 6ML $i+310$ ,	15,000,608	1MLibor+145bps~ 6MLibor+310bps	19,768,136
– Short-term borrowing	1ML $i+110$ , 6ML $i+260$ ,	5,047,568	1MLibor+125bps~ 6MLibor+230bps	9,353,233
– Long-term payables	8.02% 12.86%	689,773	8.02%-12.86%	550,136
– Current portion of long-term payables	8.02% 12.86%	144,017	8.02%-12.86%	115,224
Total		(15,840,215)		(25,948,566)

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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 3. Interest rate risk (Continued)

##### (2) Sensitivity analysis

As at 30 June 2016, it is estimated that a general increase/decrease of 25 basis points (31 December 2015: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by RMB29,700,000 and equity by RMB29,700,000 (2015: RMB48,654,000 and RMB48,654,000, 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 such a change in interest rates. The analysis 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 currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivable and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (1) Besides the exposure to currency risk arising from financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss disclosed in Note IV.2 and IV.25, the Group's exposure as at 30 June to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	30 J 2016				31 December 2015			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	87,062	42,233	30,939	2,005	316,077	506,361	19,899	18,491
Receivables	2,883,989	111,874	23,467	9,514	4,045,832	1,335,104	47,544	24,715
Short-term borrowings	(6,859,646)	(97,072)		(4,780)	(12,049,493)	(278,494)	-	(5,388)
Long-term borrowings	(15,396,045)				(21,092,096)	-	(83,778)	-
Payables	(438,012)	(30,469)	(617)		(1,035,809)	(1,167,766)	(391,933)	(1,825)
Current portion of non-current liabilities		(5,163)			(503,684)	-	-	-
Gross balance sheet exposure	(19,722,652)	21,403	53,789	6,739	(30,319,173)	395,205	(408,268)	35,993

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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 For the Period from 1 January 30 June 2016	Average exchange rate For the Period from 1 January to 30 June 2015	Balance sheet exchange rate 30 June 2016	Balance sheet exchange rate 30 June 2015
USD	<b>6.5359</b>	6.1275	<b>6.6312</b>	6.1136
EUR	<b>7.2993</b>	6.8166	<b>7.3750</b>	6.8699
HKD	<b>0.8418</b>	0.7903	<b>0.8547</b>	0.7886
JPY	<b>0.0590</b>	0.0509	<b>0.0645</b>	0.0501

#### (3) Sensitivity analysis

Assuming all other risk variables remained constant, 3.70%, 3.10%, 3.40% and 3.20% weakening of the RMB against the USD, EUR, HK dollar and Japanese Yen respectively at 30 June 2016 (-1.00%, 13.00%, 1.00% and 6.00% strengthening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2015) 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:

	Equity	Net profit
30 June 2016		
USD	<b>(547,304)</b>	<b>(547,304)</b>
EUR	<b>498</b>	<b>498</b>
HKD	<b>1,372</b>	<b>1,372</b>
JPY	<b>162</b>	<b>162</b>
Total	<b>(545,272)</b>	<b>(545,272)</b>
31 December 2015		
USD	(841,357)	(841,357)
EUR	9,189	9,189
HKD	(10,411)	(10,411)
JPY	864	864
Total	(841,715)	(841,715)

3.70%, 3.10%, 3.40% and 3.20% strengthening of the RMB against USD, EUR, HK dollar and Japanese Yen respectively at 30 June 2016 (-1.00%, 13.00%, 1.00% and 6.00% weakening of the RMB against the USD, EUR, HK dollar, and Japanese Yen respectively at 31 December 2015) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 contract for interest rate disclosed in Note IV.2 and IV.25 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 2016, the Group held 40,414,000 tradable shares of Qingdao Port International Co., Ltd.

As at 30 June 2016, it is estimated that a general increase/decrease of the comprehensive index of H-shares 5.00% (31 December 2015: 5.00%), with all other variables held constant, would increase/decrease the Group's shareholders' equity by RMB5,970,000 (31 December 2015: RMB5,619,000).

The sensitivity analysis above arise assuming that the change in the comprehensive index of H-shares occurred at the balance sheet date is reasonable and had been applied to re-measure those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 20.00% change in the comprehensive index of H-shares is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date.



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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 6. Estimates of fair value of financial instruments

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 continuously measured at fair value

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 2016:

A	Note	L \ 1	L \ 2	L \ 3	T a
Financial assets at fair value through profit or loss					
Investments in equity instrument held for trading	IV.2	124,392			124,392
Derivative financial assets	IV.2		35,187		35,187
Sub-total		124,392	35,187		159,579
Available-for-sale financial assets	IV.10	2,678	52,493		55,171
Total		127,070	87,680		214,750

L a	Note	L \ 1	L \ 2	L \ 3	T a
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	IV.25		(126,349)		(126,349)
Hedging Instrument	IV.25		(8,403)		(8,403)
Financial guarantee contracts	IV.25			(40,090)	(40,090)
Total			(134,752)	(40,090)	(174,842)

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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 6. Estimates of fair value of financial instruments (Continued)

##### (1) Assets continuously measured at fair value (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 2015:

Assets	Note	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Investments in equity instrument held for trading	IV.2	122,171	–	–	122,171
Derivative financial assets	IV.2	–	30,878	–	30,878
Sub-total		122,171	30,878	–	153,049
Available-for-sale financial assets	IV.10	1,342	30,000	–	31,342
Total		123,513	60,878	–	184,391

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	IV.25	–	(258,146)	–	(258,146)
Hedging Instrument	IV.25	–	(7,826)	–	(7,826)
Financial guarantee contracts	IV.25	–	–	(40,268)	(40,268)
Total		–	(265,972)	(40,268)	(306,240)

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 period ended 30 June 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.

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### XIV. FINANCIAL RISK AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

#### 6. Estimates of fair value of financial instruments (Continued)

##### (2) Assets and liabilities not measured at fair value but disclosed at the fair value

Financial assets and liabilities in the group measured by the amortized cost method of including: accounts receivable, short-term borrowings, accounts payable, long-term borrowings, debentures payables, long-term payables etc.

As at 30 June 2016, 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.

##### (3) 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.

###### (a) Equity investments

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.

###### (b) Receivables

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

###### (c) Borrowings, ~~2016, 2015~~ Receivables ~~preorwa belong phang flowf thsetFairdifferlisue is based on qu an ye~~ cash it or financial ~~2016, 2015~~

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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.

As In the period the Group manages capital status by controlling the Debt-Asset ratio not to exceed 70% (2015: not to exceed 70%). The Debt-Asset ratio as at 30 June 2016 and 31 December 2015 were as follows:

	30 J 2016	31 December 2015
Total Liabilities	<b>80,446,229</b>	71,268,295
Total Assets	<b>114,799,917</b>	106,763,171
Debt-Asset ratio	<b>70%</b>	67%

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS

#### 1. Cash at bank and on hand

	30 J 2016	31 December 2015
Bank deposits	<b>1,262,262</b>	1,585,004
Other cash balances	<b>12,513</b>	12,442
	<b>1,274,775</b>	1,597,446
Including: cash abroad	<b>499</b>	489

As at 30 June 2016, restricted cash at bank and on hand of the Company amounted to RMB2,635,000 (31 December 2015: RMB2,581,000).

As on 30 June 2016, the fixed deposit of the Company in the Financial Company, a subsidiary of the Group, was RMB942,000,000 (31 December 2015: RMB942,000,000).

## Notes to the Financial Statements

For the period ended 30 June 2016

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### XVI.NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 2. Dividends receivable

	30 J 2016	31 December 2015
CIMC Hong Kong	<b>3,282,199</b>	3,217,336
SCIMC	<b>592,706</b>	592,706
SCIMCEL	<b>648,092</b>	648,092
QDCC	<b>15,205</b>	15,205
ZZCIMC	<b>18,069</b>	18,069
TLC	<b>14,839</b>	14,839
TJCMCLE	<b>48,915</b>	48,915
SCIMCEL	<b>19,263</b>	19,263
Mordern Logistic	<b>29,146</b>	29,146
CIMC Wood	<b>874</b>	874
HI	<b>110,963</b>	—
Total	<b>4,780,271</b>	4,604,445

#### 3. Other receivables

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

	30 J 2016	31 December 2015
Amounts due from associates	<b>12,844,412</b>	12,321,581
Deposits	<b>20,186</b>	20,202
Others	<b>7,893</b>	25,899
Subtotal	<b>12,872,491</b>	12,367,682
Less: provision for bad debts	<b>(4,580)</b>	(4,580)
Total	<b>12,867,911</b>	12,363,102

## Notes to the Financial Statements

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### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 3. Other receivables (Continued)

##### (2) Other receivables are analysed by aging as follows:

	30 J 2016	31 December 2015
Within 1 year (Inclusive)	10,517,256	9,778,433
1 to 2 years (Inclusive)	740,649	754,128
2 to 3 years (Inclusive)	1,559,094	1,779,478
Over 3 years	55,492	55,643
Sub-total	12,872,491	12,367,682
Less: provision for bad debts	(4,580)	(4,580)
Total	12,867,911	12,363,102

The ageing is calculated starting from the date the other receivable is recognized.

As at 30 June 2016 and 31 December 2015, the Company did not have overdue other receivables that were not impaired.

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

	Note	30 J 2016				31 December 2015			
		Ending balance		Provision for bad debts		Ending balance		Provision for bad 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)	12,826,321	99.64%	-	-	12,316,835	99.59%	-	-
Other receivables with amounts that are not individually significant	(5)	46,170	0.36%	4,580	9.92%	50,847	0.41%	4,580	9.01%
Total		12,872,491	100.00%	4,580	0.04%	12,367,682	100.00%	4,580	0.04%

There were no collaterals that the Company held for other receivables that were made impairment aforesaid.

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### 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 2016 and 31 December 2015, 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 2016 and 31 December 2015, 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 J 2016			31 December 2015		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	Ratio	Amount	Amount	Ratio
Within 1 year	37,477	-	-	31,452	-	-
1 to 2 years	3,588	-	-	13,983	-	-
2 to 3 years	-	-	-	157	-	-
3 to 4 years	525	-	-	675	-	-
4 to 5 years	-	-	-	-	-	-
Over 5 years	4,580	4,580	100%	4,580	4,580	100%
Total	46,170	4,580	9.92%	50,847	4,580	9.01%

##### (7) The recovery of provision in current period

There were no other receivables that the related provision for doubtful debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current period (2015 1-6: Nil).

##### (8) Other receivables that are written off in current period

There were no material other receivables that are written off in current period (2015 1-6: Nil).

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### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 3. Other receivables (Continued)

(9) As at 30 June 2016, the five largest other receivables are analysed as follows:

	R a C o u n t e r p a r t	A m o u n t	A g e i n g	% o f t o t a l	P r o v i s i o n
CIMC HK	fund transfer, daily transfer	3,549,563	Within 1 year	27.57%	–
CIMC Tianyu	fund transfer	1,442,232	Within 1 year	11.20%	–
Hongxin Berg	fund transfer	1,101,253	Within 1 year	8.56%	–
C&C Trucks	fund transfer	894,492	Within 1 year, 1 to 2 years	6.95%	–
CIMCVL and its subsidiaries	fund transfer	707,897	Within 1 year	5.50%	–
Total		7,695,437		59.78%	–

The Company's five largest other receivables as at 31 December 2015 amounted to RMB7,399,908,000 and accounting for 59.83% 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 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.



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For the period ended 30 June 2016

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### XVI.NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 3. Other receivables (Continued)

##### (11) Other receivables from related parties

	R a C a	A	% a a
Associates	Associates	34,204	0.27%
Subsidiaries	Subsidiaries	12,810,208	99.51%
Total		12,844,412	99.78%

##### (12) Other receivables derecognised due to transfer of financial assets

There were no other receivables derecognised due to transfer of financial assets of the Company in the current period (2015: Nil).

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

There were no securities accounts receivable during this period (2015: Nil).

#### 4. Available-for-sale financial assets

	30 J 2016	31 December 2015
Measured at cost		
Available-for-sale equity instruments <sup>(1)</sup>	391,970	391,970
Less: provision for impairment	(3,065)	(3,065)
	388,905	388,905

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### 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 2015	Increase in this period	Reduction in this period	30 J 2016	Share holding (%)	Cash dividend declared
Available-for-sale equity instruments						
– cost						
– Bocm Schroder Stolt Fund Management	8,125	–	–	<b>8,125</b>	5.00%	5,000
– China Railway United Logistics	380,780	–	–	<b>380,780</b>	10.00%	3,000
– Guangdong Samsung	1,365	–	–	<b>1,365</b>	0.09%	–
– Beihai Yinjian	1,700	–	–	<b>1,700</b>	1.01%	–
Sub-total	391,970	–	–	<b>391,970</b>		8,000
Less: provision for impairment	(3,065)	–	–	<b>(3,065)</b>		–
Total	388,905	–	–	<b>388,905</b>		8,000

- (2) Available-for-sale financial assets measured at cost held by the group are mainly unlisted equity investments with no active marketprice and their reasonable fair value estimates has large variation range; the probability determining the fair value estimate can not be reasonably determined so their fair value cannot be reliably measured. The group has no disposal of the investment plan.

#### 5. Long-term equity investments

##### (1) Long-term equity investments are analysed by categories as follows:

	30 J 2016	31 December 2015
Subsidiaries <sup>(2)</sup>	<b>8,522,688</b>	8,509,530
Sub-total	<b>8,522,688</b>	8,509,530
Less: provision for impairment	–	–
Total	<b>8,522,688</b>	8,509,530

There is no restriction on sale of the long-term equity investments held by the Company.

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### XVI.NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 5. Long-term equity investments (Continued)

##### (2) Subsidiaries:

Investee	Investment cost	31 December 2015	Current year movement	30 J 2016	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current period	Cash dividend declared
Cost method – Investment in subsidiaries										
SCIMC	82,042	82,042	–	82,042	100.00%	100.00%	–	–	–	–
SCIMCEL	82,042	82,042	–	82,042	100.00%	100.00%	–	–	–	–
XHCIMC	36,500	36,500	–	36,500	100.00%	100.00%	–	–	–	–
TJCIMC	77,704	77,704	–	77,704	100.00%	100.00%	–	–	–	–
TJCIMCN	239,960	239,960	–	239,960	100.00%	100.00%	–	–	–	–
QDCC	60,225	60,225	–	60,225	100.00%	100.00%	–	–	–	–
DLCIMC	48,764	48,764	–	48,764	100.00%	100.00%	–	–	–	–
NBCIMC	–	24,711	(24,711)	–	–	–	–	–	–	–
SBWI	66,558	66,558	–	66,558	94.74%	94.74%	–	–	–	–
TCCIMC	131,654	131,654	–	131,654	100.00%	100.00%	–	–	–	–
ZZCIMC	100,597	100,597	–	100,597	100.00%	100.00%	–	–	–	–
SHYSLE	–	193,204	(193,204)	–	–	–	–	–	–	–
CQVL	39,499	39,499	–	39,499	100.00%	100.00%	–	–	–	–
SCRC	200,892	200,892	–	200,892	92.00%	92.00%	–	–	–	–
QDCRC	54,225	54,225	–	54,225	100.00%	100.00%	–	–	–	–
XHCIMCS	82,026	82,026	–	82,026	100.00%	100.00%	–	–	–	–
DLL	46,284	46,284	–	46,284	100.00%	100.00%	–	–	–	–
QDCSR	12,743	12,743	–	12,743	100.00%	100.00%	–	–	–	–
TJCIMCLE	47,750	47,750	–	47,750	100.00%	100.00%	–	–	–	–
CIMC Hong Kong	1,690	1,690	–	1,690	100.00%	100.00%	–	–	–	–

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## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

### 5. Long-term equity investments (Continued)

#### (2) Subsidiaries: (Continued)

Investee	Investment cost	31 December 2015	Current year movement	30 J 2016	Share holding (%)	Voting rights (%)	Explanation of disparity between percentages of share holding and voting rights	Provision for impairment	Impairment provided in the current period	Cash dividend declared
CIMCSD	162,686	162,686	-	<b>162,686</b>	100.00%	100.00%	-	-	-	-
HI	606,912	606,912	-	<b>606,912</b>	63.33%	63.33%	-	-	-	110,963
CIMC Tech	41,526	41,526	-	<b>41,526</b>	100.00%	100.00%	-	-	-	-
CIMCWD	54,817	54,817	-	<b>54,817</b>	100.00%	100.00%	-	-	-	-
CIMC Management and Training (Shen Zhen)	48,102	48,102	-	<b>48,102</b>	100.00%	100.00%	-	-	-	-
DLZH	182,136	182,136	-	<b>182,136</b>	100.00%	100.00%	-	-	-	-
MEA	111,703	111,703	-	<b>111,703</b>	100.00%	100.00%	-	-	-	-
SZW	3,472	3,472	-	<b>3,472</b>	100.00%	100.00%	-	-	-	-
TLC	126,689	126,689	-	<b>126,689</b>	100.00%	100.00%	-	-	-	-
SZSCIMCL	71,717	71,717	-	<b>71,717</b>	100.00%	100.00%	-	-	-	-
SZ investment	72,401	72,401	-	<b>72,401</b>	100.00%	100.00%	-	-	-	-
Finance Company	482,590	482,590	-	<b>482,590</b>	100.00%	100.00%	-	-	-	-
CIMC Vehicle Finance and leasing CO., Ltd.	422,363	422,363	-	<b>422,363</b>	100.00%	100.00%	-	-	-	-
QDSV	26,912	26,912	-	<b>26,912</b>	79.59%	79.59%	-	-	-	-
SHGYTY	40,000	40,000	-	<b>40,000</b>	100.00%	100.00%	-	-	-	-
CIMCI	140,000	140,000	-	<b>140,000</b>	100.00%	100.00%	-	-	-	-
SZSKYC	90,000	90,000	-	<b>90,000</b>	100.00%	100.00%	-	-	-	-
DLCIMCS	69,806	69,806	-	<b>69,806</b>	100.00%	100.00%	-	-	-	-
Container holding	2,736,915	2,519,000	217,915	<b>2,736,915</b>	100.00%	100.00%	-	-	-	-
Cooperatie CIMC U.A	205,022	205,022	-	<b>205,022</b>	100.00%	100.00%	-	-	-	-
Tianjin Kangde Logistics Equipment Co., Ltd	3,629	3,629	-	<b>3,629</b>	100.00%	100.00%	-	-	-	-
CIMCModern logistics	500,000	500,000	-	<b>500,000</b>	100.00%	100.00%	-	-	-	-
C&C Trucks	898,977	898,977	-	<b>898,977</b>	66.24%	66.24%	-	-	-	-
CIMC Fortune Holdings	13,158	-	13,158	<b>13,158</b>	100.00%	100.00%	-	-	-	-
Sub-total	8,522,688	8,509,530	13,158	<b>8,522,688</b>				-	-	110,963

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### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 6. Financial liabilities at fair value through profit or loss

	30 J 2016	31 December 2015
Non-current portion		
Derivative financial liabilities		
– Interest swap contract	12,270	14,256

#### 7. Employee benefits payable

	30 J 2016	31 December 2015
Short-term wages	741,159	851,044
Defined contribution plans	492	492
	741,651	851,536

##### (1) Short-term wages

	31 December 2015	Increase during the period	Decrease during the period	30 J 2016
Wages and salaries, bonuses, allowances and subsidies	495,031	50,675	(50,558)	495,148
Profit-sharing bonus and Senior management bonus	356,013	–	(110,002)	246,011
Housing funds	–	1,572	(1,572)	–
Labor union funds and employee education funds	–	627	(627)	–
Staff welfare and others	–	1,213	(1,213)	–
Including: Medical insurance	–	1,090	(1,090)	–
Work injury insurance	–	36	(36)	–
Maternity insurance	–	87	(87)	–
Other short-term wages	–	417	(417)	–
Total	851,044	54,504	(164,389)	741,159

As at 30 June 2016, no defaulted payables are included in the balance of employee benefits payable.

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### XVI.NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 7. Employee benefits payable (Continued)

##### (2) Defined contribution plans

	31 December 2015	Increase during the period	Decrease during the period	30 J 2016
Basic pensions	492	2,422	(2,422)	492
Unemployment insurance	—	25	(25)	—
	492	2,447	(2,447)	492

#### 8. Taxes payable

	30 J 2016	31 December 2015
Enterprise income tax payable	1,867	1,867
Withholding individual income tax	1,242	1,053
Business tax payable	—	8,809
Others	1,086	1,091
Total	4,195	12,820

#### 9. Interest payable

	30 J 2016	31 December 2015
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	1,804	1,937
Interest of short-term borrowings	17,938	—
Interest of corporate debentures	—	127,263
Total	19,742	129,200

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### XVI.NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 10. Other payables

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

	30 J 2016	31 December 2015
Amounts due to subsidiaries	7,739,270	7,570,989
Quality guarantees	473	508
Accruals	.	355
Others	16,813	11,393
Total	7,756,556	7,583,245

(2) Significant other payables aged over one year

As at 30 June 2016, significant other payables aged over one year represented quality guarantee and deposits.

(3) As at 30 June 2016, no amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of other payables.

(4) Other payables to related parties:

	Relationship with the company	30 J 2016	31 December 2015
Total amount due to subsidiaries	Subsidiaries	7,739,270	7,570,989

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### 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:

		30 J 2016	31 December 2015
Current portion of long-term borrowings			
– Unsecured	(2E)		



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### XVI.NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 13. 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 2016	31 December 2015
	Deferred tax assets / (Taxable temporary differences) → fair value	Deferred tax liabilities / (Deductible temporary differences) → fair value
Deferred tax assets		
Employee benefits payable	741,651	185,413
Movement for fair value of financial assets at fair value through profit or loss	12,270	3,067
Sub-total	753,921	188,480
Offsetting amount	—	—
Net amount after offsetting	753,921	188,480
Including:		
Amount estimated to reverse within 1 year (inclusive)		188,480
Deferred tax liabilities:		
Movement for fair value of financial assets at fair value through profit or loss	—	—
Sub-total	—	—
Offsetting amount	—	—
Offsetted balance	—	—
Including:		
Amount estimated to reverse within 1 year (inclusive)		—

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### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 14. Capital surplus

	1 January 2016 (Restated)	Increase during the period	Decrease during the period	30 J 2016
Share premiums	3,589,082	9,220	–	<b>3,598,302</b>
Other capital reserves				
– Exchange reserve on foreign currency capital	687	–	–	<b>687</b>
– Donated non-cash assets reserve	87	–	–	<b>87</b>
– Equity settled share-based payment	258,211	–	(3,726)	<b>254,485</b>
Others	(568,492)	–	–	<b>(568,492)</b>
Total	3,279,575	9,220	(3,726)	<b>3,285,069</b>

	1 January 2015 (Restated)	Increase during the year	Decrease during the year	31 December 2015
Share premiums	317,168	3,271,914	–	3,589,082
Other capital reserves				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	380,338	6,999	-129,126	258,211
Others	(568,492)	–	–	(568,492)
Total	129,788	3,278,913	(129,126)	3,279,575

#### 15. Other comprehensive income

	1 January 2016 (Restated)	The amount of the current period Pre-tax amount incurred in current period	Post-tax amount attributable to the Company	30 J 2016
Item that may be reclassified subsequently to profit and loss:				
– Property revaluation reserve	43,754	–	–	<b>43,754</b>
	43,754	–	–	<b>43,754</b>

	1 January 2015 (Restated)	The amount of the current period Pre-tax amount incurred in current period	Post-tax amount attributable to the Company	31 December 2015
Item that may be reclassified subsequently to profit and loss:				
– Property revaluation reserve	43,754	–	–	43,754
	43,754	–	–	43,754

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### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 16. Revenue and cost of sales

##### (1) Revenue and cost of sales

	For the period ended 30 June 2016	from 1 January to 30 June 2015
Revenue from other operations	69,104	149,885
Cost of sales from other operations	24,006	—

##### (2) Revenue and cost of sales from other operations

	For the period ended 30 June 2016		from 1 January to 30 June 2015	
	RMB'000	CNY'000	Revenue from other operations	Cost of sales from other operations
Commission	45,096	—	149,638	—
Others	24,008	24,006	247	—
Total	69,104	24,006	149,885	—

#### 17. Profit/(loss) from changes in fair value

	For the period ended 30 June 2016	from 1 January to 30 June 2015
Financial assets held for trading:		
– Changes in fair value during the period	—	34,932
– Profit/(losses) for derecognized financial assets held for trading	—	(116,263)
Subtotal	—	(81,331)
Financial liabilities held for trading:		
– Changes in fair value during the period	1,985	3,477
Total	1,985	(77,854)

#### 18. Investment income

##### (1) Investment income by projects

	For the period ended 30 June 2016	from 1 January to 30 June 2015
Income from long-term equity investment under cost method	110,963	2,418
Income earned during the holding period of available-for-sale financial assets	8,000	—
Income from long-term equity investment under equity method	—	(80)
Loss from disposal of financial assets at fair value through profit or loss for the current period	—	116,263
(Losses)/income from disposal of long-term equity investment	—	3,208
Total	118,963	121,809



## Notes to the Financial Statements

For the period ended 30 June 2016

(All amounts in RMB'000 unless otherwise stated)

English Translation for Reference Only

### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

#### 21. Notes to the cash flow statement

##### (1) Supplementary information to the cash flow statement:

###### (a) Reconciliation from net profit to cash flows from operating activities:

	for the period ended 30 June 2016	from 1 January to 30 June 2015
Net profit	125,365	(174,515)
Depreciation of fixed assets	5,965	8,196
Amortisation of intangible assets	129	129
Amortisation of long-term prepaid expenses	2,113	2,032
Gains on disposal of fixed assets, intangible assets	(115)	62
Profit on change in fair value	(1,985)	77,854
Financial expense	50,735	183,587
Investment income	(118,963)	(121,809)
Share-based payment expenses	-	3,499
Decrease/(Increase) in deferred tax assets	27,968	(49,364)
Increase in operating receivables	(501,056)	(2,311,269)
Decrease/(Increase) in operating payables	44,642	1,770,955
Net cash flows from operating activities	(365,202)	(610,643)

###### (b) Net change of cash and cash equivalents:

	for the period ended 30 June 2016	from 1 January to 30 June 2015
Cash and cash equivalents at the end of the period	330,140	770,074
Less: cash and cash equivalents at the beginning of the year	652,865	831,212
Net increase in cash and cash equivalents	(322,725)	(61,138)

##### (2) Composition of cash and cash equivalents

	for the period ended 30 June 2016	from 1 January to 30 June 2015
I. Cash		
including: Cash at bank that can be readily drawn on demand	320,261	500,650
Other monetary fund that can be readily drawn on demand	9,879	269,424
II. Cash and cash equivalents at the end of the period	330,140	770,074

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

## Supplementary Information

For the period ended 30 June 2016  
(All amounts in RMB'000 unless otherwise stated)  
English Translation for Reference Only

### 1. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	For the period ended 30 June 2016
Loss on disposal of non-current assets	(3,332)
Government grants recognised in profit or loss for the current period	135,375
Gains or losses from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains 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	12,264
Net gains from disposal of investment	23,712
Other non-operating income and expenses other than the above items	21,101
Sub-total	189,120
Effect of income tax	(30,604)
Effect of minority interests (after tax)	(34,350)
Total	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.

### 2. 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		Earnings per share			
	For the period ended 30 June 2016	For the period from 1 January to 30 June 2015	Basic earnings per share	Diluted earnings per share	For the period ended 30 June 2016	For the period from 1 January to 30 June 2015
Net profit attributable to ordinary shareholders of the Company	(1.64%)	6.59%	(0.1444)	0.5681	(0.1444)	0.5627
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	(2.11%)	4.92%	(0.1861)	0.4245	(0.1861)	0.4202

## Chapter IX Documents Available for Inspection

- I. The original copies of the interim report of the Company for 2016 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 2016 prepared under CASBE duly signed and under the seal of the person-in-charge of the Company, the person-in-charge of accounting affairs, and accounting person-in-charge (General Manager of Financial Management Department).
- III. The original copies of the documents and announcements of the Company published in the newspaper stipulated by the China Securities Regulatory Commission during the Reporting Period.
- IV. The English and Chinese versions of the 2016 interim report of the Company published on the website of the Hong Kong Stock Exchange.

Wang Hong

*Chairman*

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

September 2016

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**Driving new value Moving the world**

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