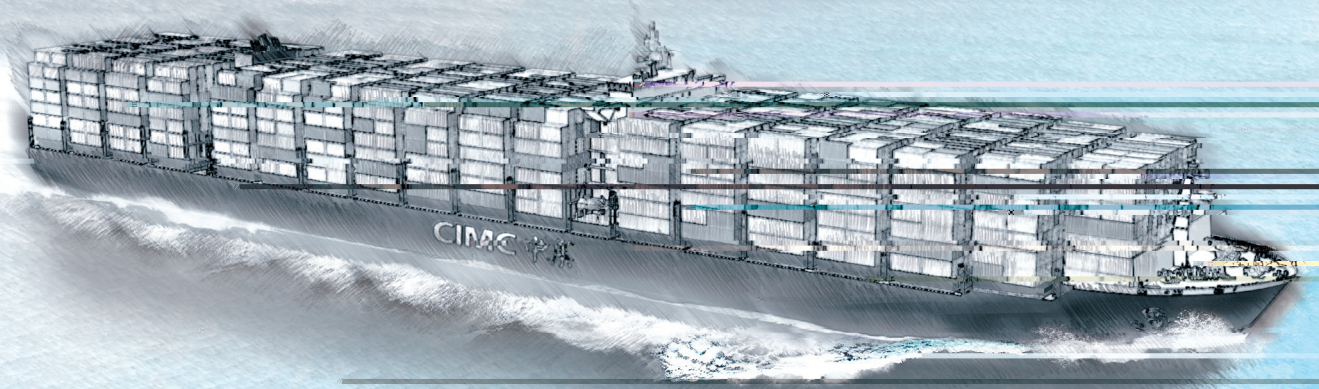


CIMC



IMPORTANT NOTICE

The Board, the Supervisory Committee and the Directors, Supervisors and senior management of the Company have been faithfully and impartially performing their duties in the 2017 interim period (hereinafter referred to as the "Report"), and jointly and severally accept full legal responsibility for the truthfulness, accuracy and completeness of the information contained in this Report.

The Report has been reviewed and approved at the 11th meeting of the eighth session of the Board in 2017 (hereinafter referred to as the "Meeting"). Mr. Wang Yuhang, Vice Chairman, Chairman of the Meeting, Mr. Li Chong, Non-executive Director, acted on his behalf. All the Directors attended the Meeting.

The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises (CASBE). The interim financial statements and notes (hereinafter referred to as the "2017 Interim Financial Report") of the Group for the interim period ended 30 June 2017 were prepared in accordance with CASBE in this Report have been audited.

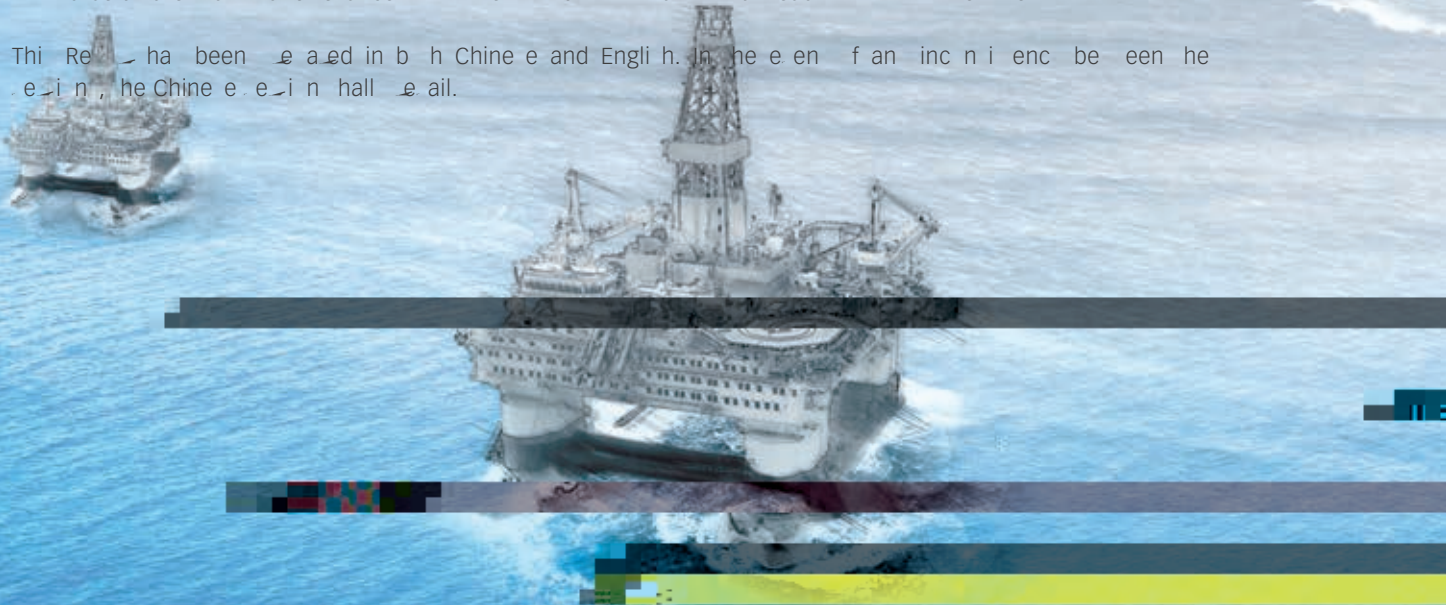
Mr. Wang Heng, in-charge of the Company and Chairman of the Board, Mr. Mai Biliang, CEO and Director, and Mr. Zeng Han, General Manager of the financial management department, in-charge of accounting affairs and head of the accounting department (the financial controller), hereby warrant the truthfulness, accuracy and completeness of this Report and the 2017 Interim Financial Report.

Neither the controlling shareholders (including indirect) nor the substantial shareholders (including indirect) of the Company have influenced the interim financial statements of the Company.

The Company did not distribute cash dividends, interest or other forms of remuneration to its shareholders for the interim period ended 30 June 2017 (interim period ended 30 June 2016: Nil).

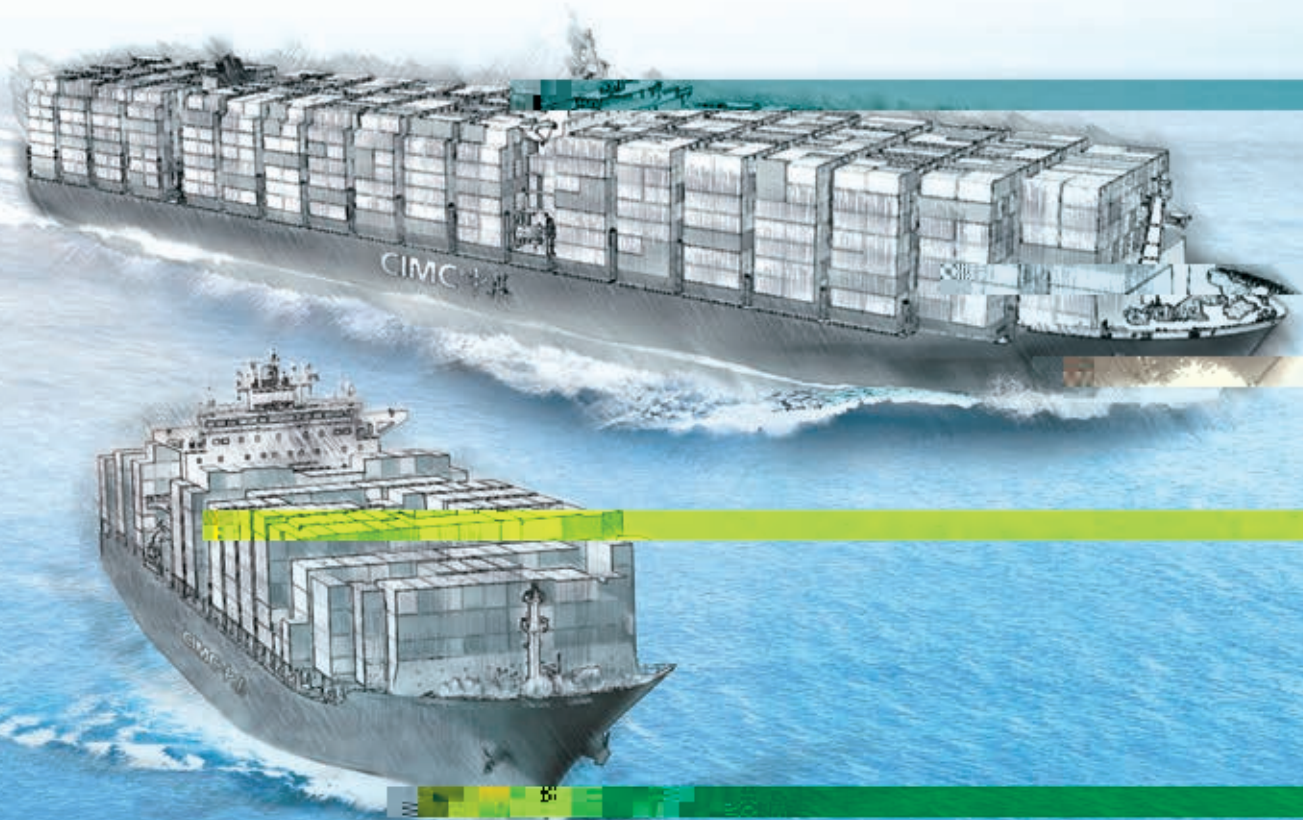
This Report contains forward-looking statements made on the basis of the best estimates and judgments of the directors and senior management in relation to the financial condition, earnings and business of the Group, which are subject to risks, uncertainties and assumptions beyond the Group's control and to a high degree of uncertainty in nature. Therefore, the actual results may differ materially from the forward-looking statements. Such forward-looking statements are not the economic reality of the Group nor have they been and are not guaranteed to be performed and do not constitute any contractual commitments in any way. Investors should be aware of the reliance on the financial information made by them.

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



CONTENTS

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



02 Definitions

For the purpose of this Report, unless the context clearly indicates otherwise, the following shall have the meaning set out below:

Items	Definitions
1. A Share () (RMB-denominated Ordinary Share ())	Ordinary share () issued by the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi.
2. A Share () Share Option Incentive Scheme	Share Incentive Scheme of China International Marine Container (Group) Co., Ltd. conceived and approved at the extraordinary general meeting of the Company on 17 September 2010.
3. Article of Association	The Article of Association of China International Marine Container (Group) Co., Ltd..
4. Board	The Board of the Company.
5. C&C Truck	C&C Truck Co., Ltd. (集瑞聯合重慶有限公司), a company incorporated in the PRC with limited liability on 12 March 2009 and authorised to be listed on the Shanghai Stock Exchange.
6. CASBE	Accounting Standard for Business Enterprises – Basic Standard and 38 Specific Accounting Standard issued by the Ministry of Finance of the People's Republic of China on 15 February 2006, and applicable guidance and interpretation issued by CASBE and the related regulatory bodies in the PRC.
7. CFSE	China Finance Safe Enterprise Group Limited, a company listed on the main board of the Hong Kong Stock Exchange (stock code: 445) and authorised to be listed on the Shanghai Stock Exchange.
8. China COSCO Shipping	China COSCO Shipping Company Limited, a company incorporated in the PRC with limited liability in February 2016 and authorised to be listed on the Shanghai Stock Exchange.
9. China Mechano Group	China Mechano Group Limited, a company incorporated in the PRC with limited liability on 14 October 1986 and authorised to be listed on the Shanghai Stock Exchange.
10. CIMC () Company	China International Marine Container (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 shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Hong Kong Stock Exchange.
11. CIMC Enic	CIMC Enic Holding Limited (中集安瑞科控股有限公司), a company incorporated in the Cayman Islands with limited liability on 28 September 2004 and listed on the main board of the Hong Kong Stock Exchange (stock code: 3899) and authorised to be listed on the Shanghai Stock Exchange.
12. CIMC Finance Company	CIMC Finance Co., Ltd., a company incorporated in the PRC with limited liability on 9 February 2010 and authorised to be listed on the Shanghai Stock Exchange.

; CIMC Financial Lea ing C m an	CIMC Financial Lea ing C ., L d., a c m an inc ured in he PRC i h limi ed liabili n 30 J l 2007 and a h ll - ned b idia f he C m an .
; CIMC H ng K ng	China In e pa i nal Ma ine C n aine (H ng K ng) Limi ed (中國國際海運集裝箱 香港 有限公司), a c m an inc ured in H ng K ng i h limi ed liabili n 30 J l 1992 and a h ll - ned b idia f he C m an .
; CIMC M lim dal Tan	CIMC M lim dal Tan De el men C ., L d. (中集多式聯運發展有限公司), a c m an inc ured in he PRC i h limi ed liabili n 29 Ma ch 2016 and a n- h ll - ned b idia f he C m an .
; CIMC Off h e Enginee ing	CIMC Off h e Enginee ing C ., L d., a c m an inc ured in he PRC i h limi ed liabili n 21 J l 2016 and a h ll - ned b idia f he C m an .
; CIMC Raffle	CIMC Raffle Off h e (Singa e) Limi ed, a c m an inc ured in Singa e i h limi ed liabili n 7 Ma ch 1994 and a h ll - ned b idia f he C m an .
; CIMC Sk ace Real E a e	Shen hen CIMC Sk ace Real E a e De el men C ., L d., a c m an inc ured in he PRC i h limi ed liabili n 24 N .embe 1998 and a n- h ll - ned b idia f he C m an .
; CIMC Tianda	Shen hen CIMC-Tianda Ai S C ., L d. (深圳中集天達空港設備有限公司), a c m an inc ured in he PRC i h limi ed liabili n 18 J l 1992 and a n- h ll - ned b idia f he C m an .
; CIMC Vehicle (G)	CIMC Vehicle (G) C ., L d. (中集車輛集團)有限公司), a c m an inc ured in he PRC i h limi ed liabili n 29 A g 1996 and a n- h ll - ned b idia f he C m an .
; C e G eance C de	he C e G eance C de c n ained in A endi 14 f he H ng K ng Li ing R le .
; CSRC	China Sec i e Reg la C mmi i n.
; Di ec ()	he di ec () f he C m an .
; G e, e, and	he C m an and i b idia e .
; H Sha e () (O e ea -li ed F eign Sha e ())	e ea -li ed f eign dina ha e () i ed b he C m an i h a n minal al e f RMB1.00 each, hich a e li ed n he H ng K ng S ck E change and aded in H ng K ng d lla .
; H ng K ng	The H ng K ng S ecial Admini a i e Regi n f he PRC.
; H ng K ng Li ing R le	R le G e ing he Li ing f Sec i e n The S ck E change f H ng K ng Limi ed.

04 Definitions

! Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited.
! Model Code	The Model Code of Securities Transaction by Director of Listed Issuer contained in Appendix 10 of the Hong Kong Listing Rules.
! PRC / China	The People's Republic of China.
! Peij	Peij Global Limited, a company incorporated in 1979 and a non-listed subsidiary of the Company.
! Reporting Period	The interim reporting period from 1 January 2017 and ending on 30 June 2017, which is also called the financial half of 2017.
! RMB	Renminbi, the national currency of the PRC.
! SFO	The Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.
! Shareholder(s)	The holder(s) of share(s) of the Company, including the holder(s) of A Shares and H Shares.
! Shenzhen Listing Rules	Rules Governing the Listing of Securities on the Shenzhen Stock Exchange.
! Shenzhen Stock Exchange	The Shenzhen Stock Exchange.
! Shareholder(s)	The holder(s) of the Company.
! Share Committee	The Share Committee of the Company.
! US\$ / U.S. dollar	United States dollar, the national currency of the United States of America.
! Ziegler	Alber Ziegler GmbH, a company incorporated in Germany with limited liability and a non-listed subsidiary of the Company.

This glossary contains certain definitions of technical equipment used in this Regulation in connection with the GMDSS. Some of the definitions may be found in the standard definitions page.

Items	Definitions
CNG	Compressed Natural Gas.
FLNG	Floating Liquefied Natural Gas.
FPSO	Floating Production Storage and Offloading.
FSRU	Floating Storage and Regasification Unit.
HSE	Health, Safety and Environment.
GSE	Ground Support Equipment, equipment used on the flight deck. This equipment facilitates maintenance and flight, aircraft equipped with a fixed-wing and multi-engine aircraft, including but not limited to mechanical, electrical, hydraulic and special gas equipment.
Jack-Drilling Platform	A jack-drilling platform is a mobile drilling rig installed offshore in a shallow sea. Most jack-rigs are in a depth ranging from 250-400 feet. This drilling equipment is generally used for mining machines, electrical equipment and accommodation facilities for drilling and certain liftable derrick platform floating in the sea.
LNG	Liquefied Natural Gas.
LPG	Liquefied Petroleum Gas.
Modular Building	A building manufactured in a factory environment and transported as a pre-erected structure to be installed.
ONE Model	Operational Excellence, the lean management system of the GMDSS.
QHSE	A management system guide and control program in the field of Quality, Health, Safety and Environment.
Semi-buoyable Drilling Platform	A semi-buoyable drilling platform is a mobile rig; the upper part of the hull is connected to the deck and the lower part is connected to the hull, in the connected buoy column. When in operation, the lower hull is submerged in the sea. A semi-buoyable platform is generally used in deep sea depth ranging from 600-3,600m. The platform is a dynamic positioning system.
TEU	Ten-foot equivalent unit, a standard unit (a container with a length of 20 feet, a height of 8 feet and 6 inches and a width of 8 feet), being used to measure the volume of a container.
VOC	Volatile Organic Compound.

06 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 Container (Group) Co., Ltd.
Abbreviated English Name:	CIMC
Legal Representative:	Wang Hong
Authorized Representative:	Mai Biliang, Yang Yubin
Registered Address and Address of Head Office:	8th Floor, CIMC R&D Centre, 2 Gang'an Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC
Postal Code:	518067
Company Website:	http://www.cimc.com
Email Address:	haohide@cimc.com
Principal Place of Business in Hong Kong:	3101-2 Infinite Plaza, 199 Des Voeux Road Central, Hong Kong
Unified Social Credit Code:	91440300618869509J

II. CONTACT PERSONS AND MEANS OF COMMUNICATION

Secretary of the Board, Company Secretary:	Yang Yubin
Assistant Company Secretary:	Shen Yang
Contact Address:	CIMC R&D Centre, 2 Gang'an Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)
Contact Telephone:	(86) 755-2669 1130
Facsimile:	(86) 755-2682 6579
Email Address:	haohide@cimc.com
Responsible Person for Securities Affairs:	Wang Xinji
Contact Address:	CIMC R&D Centre, 2 Gang'an Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)
Contact Telephone:	(86) 755-2680 2706
Facsimile:	(86) 755-2681 3950
Email Address:	haohide@cimc.com

III. INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

Designated Name of Information Disclosure:	A Share: China Securities Journal, Securities Time and Shanghai Securities News
Authorized Website in which Relevant Made Available:	A Share: http://www.cninf.com.cn H Share: http://www.hkexnews.hk
Company Website:	www.cimc.com
Place in which Relevant Available:	Office of the Secretary of the Board of CIMC, 9th Floor CIMC R&D Center, 2 Gang'an Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)

IV. STOCK INFORMATION OF THE COMPANY

Stock Exchange in which A Share is Listed:	Shenzhen Stock Exchange
Abbreviated Stock Name of A Share:	CIMC
Stock Code:	000039

Stock Exchange in which H Share is Listed:	Hong Kong Stock Exchange
Abbreviated Stock Name of H Share:	CIMC, ZJHD (Name)
Stock Code:	2039, 299901 (Name)

Note: Both the abbreviated stock name and the stock code are listed by the original Board of Directors of the Company in the PRC in accordance with the requirements of the H Share of the Company of the H Share of the Company listed in the Hong Kong Stock Exchange.

When the registered address, office address, postal code, telephone and email address of the Company are changed during the Reporting Period

Applicable, Not Applicable

When the information disclosure and legal information documents of the Company are changed during the Reporting Period

Applicable, Not Applicable

When the registered name is changed during the Reporting Period

Applicable, Not Applicable

When the telephone information is changed during the Reporting Period

Applicable, Not Applicable

08 Chapter II Summary of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

Revised after adjustment of the accounting data of the Company

Year: 2017

Unit: RMB hundred thousand

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

Unit: RMB hundred thousand

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

Unit: RMB hundred thousand

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

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

Key Financial Indicators

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

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

Note: The gearing ratio is calculated based on the Group's total debt divided by total equity at the end of the period.

10 Chapter II Summary of Accounting Data and Financial Indicators

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

Assets, Liabilities

The main difference in net profit and net assets prepared under International Accounting Standards and CASBE during the Reporting Period.

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

Assets, Liabilities

The main difference in net profit and net assets prepared under foreign accounting standards and CASBE during the Reporting Period.

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

Assets, Liabilities

III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNT

Accountable Non-accountable

Unit: RMB hundred thousand

Item	Amount (January – June 2017) (unaudited)
Gain/(loss) on disposal of non-current assets	13,739
Gain on disposal of financial assets at fair value through profit or loss	91,032
Gain/(loss) from change in fair value of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and income gain/(loss) 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, and gain/(loss) from change in fair value of investments in equity instruments measured at fair value, effective hedge accounting relating to the Group's derivatives	(20,332)
Net gain/(loss) from disposal of long-term investments	(25,460)
Other non-recurring income and expense other than impairment	38,201
Other financial items defined as non-recurring financial items	(105,549)
Effect of income tax	(30,200)
Effect of minority interest (after-tax)	(29,616)
Total	(68,185)

Note: After deducting financial items (other than the effect of minority interest (after-tax)) as defined in the above table.

Relevant information in the Company's non-recurring financial items as defined under the Exchange Listing Rules is provided in the Company's 2017 Interim Financial Report under the heading "Non-Recurring Profit/Loss" (see Exchange Listing Rules Announcements N.1) and the recurring financial items which are listed as non-recurring financial items under the definition of the Exchange Listing Rules Announcements N.1.

Accountable Non-accountable

The Company did not define the non-recurring financial items as defined and listed under the Exchange Listing Rules Announcements N.1 as recurring financial items during the Reporting Period.

12 Chapter III Report of the Board

I. BUSINESS SUMMARY

The Group's subsidiaries all engaged in the manufacture of iron and steel products, engineering, chemical and liquid products, offshore engineering products and auxiliary facilities, as well as the provision of cleaning services, including the design, manufacture and service

14 Chapter III Report of the Board

During the Reporting Period, the accumulated sales volume of container business of the Group reached 535,700 TEU (accumulated in 2016: 238,300 TEU), increasing year-on-year by 124.80%; the accumulated sales volume of equipment business reached 35,100 TEU (accumulated in 2016: 22,300 TEU), increasing year-on-year by 57.40%. The container business of the Group recorded a revenue of RMB10,049.055 million (accumulated in 2016: RMB4,898.618 million), increasing year-on-year by 105.14%; and the net profit of RMB681.102 million (accumulated in 2016: recording a net loss of RMB139.632 million), gaining profit again from the loss recorded in the year.

In the first half of 2017, the demand in the container industry of the Group increased, and the number of orders was higher than expected. As the production of high-end container fleet ended in the container manufacturing enterprise in China from 1st April 2017, the container domestic production line experienced the peak year of production in the industry of the year. The Group increased the production of container line and met the demand of clients. The Group successfully completed the year-end production plan. Meanwhile, the company had achieved a major breakthrough in the market of the year, in which the company and its partners and in compliance with the regulations, the Group made great achievements in HSE in the container manufacturing business during the Reporting Period. The container production plan had reached a high level. The company's production in Fenggang of Dongguan City grew in an absolute amount, and it is expected that the production of the company will be in a high beginning of the year.

Road Transportation Vehicle Business

With the 'Global Manufacturing' (全球运营, 地方智慧) as the business philosophy, CIMC Vehicle (Group), as a subsidiary of the Group, is a global leading manufacturer of special vehicle production, including high-end commercial vehicle production, key special vehicle and after-sales service. CIMC Vehicle (Group) has established 25 production and distribution departments in China, North America, Europe and emerging markets, and developed different production lines of special vehicle production of 10 series and more than 1,000 models, including container semi-trailer, flatbed/tracked-side semi-trailer, lift-flatbed semi-trailer, vehicle loaded semi-trailer, truck, crane truck, tanker truck, dump truck, agricultural truck and special vehicle, covering major domestic and international markets.

In the first half of 2017, the global manufacturing industry and the medium and heavy-duty Chinese economic growth all became stable. The overall market demand in the high-end truck and heavy-duty vehicle benefited from the ended implementation of the limit of the production of the container and the limit of the production of the vehicle, and the combination of the vehicle (GB1589-2016) from the central government in 2016 and the continued market expansion again is adding. Meanwhile, the domestic infrastructure investment commenced construction, which boosted the growth of demand for intelligent transportation. In the year-end market, although the high-end performance in the North American market remained strong, the overall demand for semi-trailer declined. With the economic recovery in Europe, the demand in the local market in emerging markets is also strong.

During the Reporting Period, benefiting from the business growth in China and European markets, the Group's main vehicle business achieved sales of 81,468 units (compared in 2016: 58,231 units), increasing year-on-year income by 39.90%. It recorded expense (excluding the headquarter cost) of RMB9,719.601 million (compared in 2016: RMB7,013.354 million), increasing year-on-year income by 38.59%, and achieved net profit (excluding the headquarter cost) of RMB568.016 million (compared in 2016: RMB361.893 million), increasing year-on-year income by 56.96%.

During the Reporting Period, CIMC Vehicle (Group) continued improving the global sales management level, enhanced the sales efficiency of each business unit and the cost efficiency, and focused on the innovation and development of the incremental business and the innovation business of each business unit to realize the high quality. In the PRC market, a CIMC Vehicle (Group) fully implemented the strategy, continued to expand the brand and replace the high-end and light truck and medium truck segments and enlarged its marketing strength and coverage in the first half of the year. The Group's market share has exceeded 55% of the annual average in terms of revenue and profit in the business. In the European market, in order to eliminate the effect of cyclical decline in the market, CIMC Vehicle (Group) accelerated its development in the North American market, and focused on leading development in the European market, accelerated

066n.5(\n)12.7(he)0.5(,)37.5 Tc 0.2519T 0 -1.412 TD((i)0.5(m le

16 Chapter III Report of the Board

During the Reporting Period, the major business segments of CIMC Enyc developed themselves effectively in accordance with the 'need, improving core technology and enhancing business competence'. (1) The energy business segment carried out in multiple dimensions of equipment manufacturing, commodity service, and operation management. All these areas have achieved unified management in making further improvement in operating capability. The segment also achieved the business and service model breakthrough in the field of hydrogen energy, distributed energy, EPC, etc. (2) During the Reporting Period, again the backward flow of high-end equipment demand in the chemical energy business segment, the bank container business of CIMC Enyc delivered outstanding performance amid the fierce market competition. Standard container, gas container, LNG container and rail container all achieved excellent performance. (3) After consolidation of Ziemann and Bigg Limited, the listed subsidiaries business segment had become a profitable when it broke through the inflection point and the listed subsidiary manufacturing and hamacical companies. Meanwhile, the segment kept holding in China and Europe and expanded its distribution in China and its market network in Asia. The consolidation of Ziemann Holdings Asia Company Limited.

As mentioned in the 2016 Interim Report, 2016 Annual Report and the eleventh anniversary of the Company, on 1 June 2016, CIMC Enyc announced the acquisition of all equity in SOE from the end of and the financial assistance SOE due to the failure in fulfillment of the certain conditions precedent in the relevant agreement by SOEG PTE LTD, Jiang Pacific Shipping Group Co., Ltd. and Egeen Group Co., Ltd., and ended the relationship of the aid container and SOE in the land and the guarantee of bank loan. After the completion and cancellation of the

relationship and cancellation of the amount receivable, CIMC Enyc made improvement in RMB1,214.880 million in the amount of the end of and SOE in the interim period of 2016, and made further improvement in the end of 2016, resulting in a total amount of RMB1,362.915 million for the half-year. Accordingly, CIMC Enyc increased net income in the interim period of 2016 and the year 2016, and the Company recorded a net loss in the interim period of 2016 and a significant decline in net income in the year 2016.

Considering the SOE industry's recovery of the Receivable and business and asset management and collaboration with the business of CIMC Enyc, on 5 July 2017, CIMC Enyc, through the wholly-owned subsidiary CIMC Enyc Investment Holding (Shenzhen) Ltd., entered into the Relevant Operating Investment Agreement with SOE and SOE Bankruptcy Liquidation Team* (南通太平洋破产清算组) to complete the equity transfer in SOE. The change of the majority of SOE. On 4 August 2017, the SOE Relevant Plan approved by SOE's creditors' meeting and approved by the court in China in accordance with the relevant laws in China. SOE will implement the Relevant Plan under the supervision of the Receivable-creditor. On 15 August 2017, SOE has become an independent wholly-owned subsidiary of CIMC Enyc and the Relevant Operating Investment Agreement and the Relevant Plan and has become an independent wholly-owned subsidiary of the Group. SOE is named as 南通中集太平洋海洋工程有限公司 (Nantong CIMC Sin Pacific Offshore & Engineering Co., Ltd.*). Further, the relevant anniversary celebrated by the Company on 6 July, 4 August and 16 August 2017. Accordingly, the financial analysis provided by the Receivable-creditor's receivable amount of the amount of SOE for CIMC Enyc amounted to RMB190.521 million as at 30 June 2017. Accordingly, CIMC Enyc will make additional improvement of RMB105.549 million for improvement of the Reporting Period. Such improvement included in the 2017 consolidated interim financial statements of the Group.

18 Chapter III Report of the Board

In the first half of 2017, the global economic recovery continued to be slow. In the first half, the ability to expand and favorable import and export, and a number of fiscal policies remained. In the first half, the international environment in the domestic logistics industry is relatively stable, the shipping industry remained stable and had a significant improvement in the performance of the industry. In addition, factors such as the impact of the international economic situation in China also affected the international shipping business in the logistics industry.

During the Reporting Period, the Group's logistics business achieved a total revenue of RMB3,751.202 million (compared with 2016: RMB3,218.617 million), increasing year-on-year by 16.55%, and net profit of RMB57.340 million (compared with 2016: RMB68.434 million), decreasing year-on-year by 16.21%. During the Reporting Period, affected by the adjustment in the business line in Mongolia, the gross profit margin of the business declined, resulting in a year-on-year decrease in net profit.

In the first half of 2017, the logistics business of the Group had achieved the following major business line: (1) The container business line specified the development strategy of the company in the 13th Five-Year Plan, namely, to expand container operations, tank container operations, half container, rail operations and air operations, to expand container operations, to expand domestic and international container operations and global container operations and management. It realized the layout of container operations in Southeast Asia (Thailand and Vietnam) and the network layout of container operations in Europe. It also enhanced the overall performance of the end-to-end container business and the channel and business cooperation of container operations. (2) The shipping and project logistics business line achieved the market share in the shipping industry, the national shipping and freight forwarding, project logistics and container logistics business. It enhanced and strengthened the service network

of freight forwarding in various regions such as Xiamen and Shenzhen and improved the national layout of freight forwarding in the field of facilities of the collaboration in shipping and freight forwarding. By carrying out negotiations with the container business line and taking Thailand and Vietnam as the starting point, it gradually carried out business expansion in the region including the Southeast Asian continent, and actively carried out the network layout in Europe and the Middle East and Central Asia by carrying out cooperation with regional leading enterprises in the field of business and capital. (3) The rail-based business line kept on improving efficiency in business and

Heavy Truck Business

C&C Truck, a subsidiary of the Group, is one of the heavy truck business. C&C Truck is mainly engaged in the mid-end and high-end heavy truck manufacturing in the international market and the high-end heavy truck manufacturing in the domestic market. It has developed independent design, leading domestic technology and filling foreign technology and the development, making high-end products, including fully electric, and carrying five-axis and other kinds of products, including diesel and gas, and fuel cell, medium truck, dump truck, cargo truck and special vehicle.

In the first half of 2017, based on the implementation of the national standard GB1589-2016, performance of vehicle design, having full-label vehicle and the factory and affected by the implementation of the financial discipline measures, the domestic heavy truck manufacturing continued to decline in performance. In light of the additional peak demand of the heavy truck manufacturing in early half and the commencement of the new year, the effect of the decline in demand of the heavy truck increased, which facilitated the significant growth of the heavy truck.

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

During the Reporting Period, C&C Truck kept making changes to be better and more effective in sales, production and service and innovation, product improvement, channel building, international market expansion, end market development, marketing service and heavy truck integration. In the second

half of the domestic market, C&C Truck continued to improve in efficiency in production and management and met the major demand and the major product in the domestic market. The development of the domestic market is still in the initial stage, and the efficiency of production and management will be further improved. The new manufacturing model of "In-house + Logistic + Manufacturing + Finance + Aftermarket Service" achieved elimination of the intermediate links and deepened cooperation. In the first half of the year, the performance and brand influence improved. C&C Truck has added the main products of Anhui Province. It has major products including the 2017 Haohua Chemical Vehicle Model and the Truck One in China. It also won the "Logistic Technology Innovation Award" in 2017 Global Logistic Technology Conference in Chengde. As a member of the Group, C&C Truck has the heavy truck manufacturing subsidiaries in the International Area 2017 in Shanghai. C&C Truck also participated in the China Truck Racing Championship and won the championship in the domestic category, the championship in 12L group of the year and the runner-up in the team performance. In the second half of the international market, affected by the grading in the international market, the competition and the decline in the market performance. In the second half of the international market, affected by the grading in the international market, the competition and the decline in the market performance. In the second half of the international market, affected by the grading in the international market, the competition and the decline in the market performance.

Airport Facilities Equipment Business

The Group's airport facilities business is mainly engaged by Peijiang, CIMC Tianda, Ziegler and its subsidiaries. The Group has entered and achieved significant progress in the CFSE market. The principal business includes building bridge, airport terminal and Ground Support Equipment (GSE) business (including the belt and lifting platform vehicle, etc.), fire truck and other special vehicle manufacturing business.

In the first half of 2017, the regulatory policies on real estate in the real estate market in China kept strengthening. In the implementation of the financial and lending policies, the government has implemented the measures. The government has introduced the financial and lending policies to strengthen financial regulation and real estate market. Under the guidance of the strengthened policies, the real estate market has maintained a steady and healthy development. The government has implemented the measures to strengthen the real estate market and to maintain the real estate market in a steady and healthy development.

During the Reporting Period, the Group's real estate business achieved a total of RMB297.664 billion (compared with 2016: RMB315.698 billion), increasing a year-on-year decrease of 5.71%, and net profit of RMB65.035 billion (compared with 2016: RMB42.775 billion), increasing a year-on-year increase of 52.04%, which mainly due to the receipt of agency service fees from the land use and the end of the land use reporting period.

In the first half of 2017, CIMC Skyspace Real Estate strengthened its efficiency in the operation of industrial parks, and the model industrial park became a model. In March 2017, it established a project management company in Beijing and accelerated the implementation of an industrial real estate project in the New Shijiazhuang City Shijiazhuang Zone in Beijing. In April, CIMC Elite Apartments in Songshan Lake, Dongguan

0.164 T 015.026 T 8(4%),37(4(A 10.n4S2 8 .412 TDJ0.09h l412

009)Shan Lake an Beijing)Pe8i '85 h7g (Pe9)1e en e)1 90.4(

In the second half of 2017, the Group's main business building block will focus on the following: making use of the U.K. and Australia and other global markets to improve efficiency in the European market; making use of Africa and North America as a diversified market. In the domestic market, the implementation of the Belt and Road Initiative, the construction of Xi'an New Area and the national pilot will bring about new opportunities for the main business of CIMC. A number of large projects will commence construction in China. The Group will strengthen its collaboration with strategic partners to further advance the implementation of the national strategy. With the development of technology, it will gradually expand the industry and expand in China in the long term. The company will feel the development and the industry in the global market building block in China.

B

The Group's subsidiary CIMC Multimodal Transport Development Co., Ltd.* (中集多式聯運發展有限公司) (CIMC Multimodal Transport Company) is engaged in multimodal business. It aims to maximize the Group's comprehensive advantage in land, air, sea, finance and service, utilize the advanced international technology and effectively link different modes of transport, and make the independent operation of the Group's independent multimodal industry a comprehensive multimodal operation. During the Reporting Period, in the domestic rail-road business, CIMC Multimodal Transport Company gained a number of new orders and established a company in the U.S. in the domestic market in the European market and developed the China-North America multimodal business. In the domestic rail-air business, it launched a new rail-air line and eliminated the multimodal operation in South China, Central China and North China. The operation of the new line including the new line, 35-line, 35-line and the new line in the domestic rail-air business, the international operation and the independent business have had a good development.

In the second half of 2017, the overall logistics industry continued to maintain a stable operation. Leveraging the construction of the multimodal transport and the application of multimodal operation and the new technology, the logistics efficiency in the industry will improve. The Group will accelerate its independent multimodal transport channel and further expand the multimodal transport network. It will also look for the development of a new operation and independent operation through the channel network and commence the development of multimodal transport operation.

III. FUTURE DEVELOPMENT AND OUTLOOK

1. Macroeconomic Environment and Policies

In the second half of 2017, the global economic environment continued to be relatively stable, and the international trade will focus on the China market. The demand for the independent operation will be accelerated, the implementation of the strategy of independent operation will be accelerated, the implementation of the strategy of independent operation will be accelerated, the implementation of the strategy of independent operation will be accelerated. The economic operation in China will maintain a stable and favorable momentum.

2. Industry Development Trend and Market Outlook

In respect of the container manufacturing business, based on the latest prediction of CLARKSON (an authoritative analysis in the industry), the global container demand will be a slight decline of 4.8% in 2017. It is a relatively high level of freight in recent years. It is expected that the imbalance of supply and demand in the global shipping industry will be improved in the second half of the year, and the demand for container manufacturing will improve significantly. The industry will continue to face challenges, such as the decline in demand for container manufacturing, the decline in demand for container manufacturing, the decline in demand for container manufacturing, the decline in demand for container manufacturing.

24 Chapter III Report of the Board

In respect of the road transportation vehicle business, in the second half of 2017, the cyclical demand for the semi-trailer industry in the United States will begin to experience downturn. The economic situation in Europe will maintain the momentum of decline. There will be big changes in the economic structure of emerging markets with high demand in certain regional markets. The Chinese market will continue to be able and favorable economic momentum. In view of the increasingly intense competition in the real estate and infrastructure industries, the increased household demand for major construction machinery will decline. At the same time, the implementation of fiscal measures, which include advancing the management of fees, speeding up the engagement of all areas of investment, and the implementation of the "one belt, one road" initiative, the change from yellow-label vehicle to green-label vehicle, the ban on environmental pollution and the implementation of emission standards for vehicles and ships, will accelerate the development of the main and grade of all types of equipment and goods.

In respect of the energy, chemical and liquid food equipment business, after the implementation of the 13th Five-Year Plan on Energy Development in 2016, the National Development and Reform Commission in China has implemented the initiative of the Organization for Accelerating the Use of Natural Gas, accelerating the use of natural gas in urban gas, industrial gas, power generation, and other industrial

field,

In respect of the airport facilities equipment business, in the second half of 2017, the global business continued to grow steadily and the growth in the emerging American market and Africa continued. Adding bridge business will give the company a new impetus in the American market. Fighting equipment business is affected by fiscal budget cuts in Europe and China, but will continue to be stable in the Chinese market. Logistic industry will grow steadily although the industrial demand and cargo business is expected to make a great breakthrough in the near future. The newly developed high-dimensional baggage business will bring a large and brand new market.

In respect of the real estate development business, in the second half of 2017, it is expected that the financial policies in relation to the real estate market in China will have a greater influence on the housing market. The real estate market will be more stable, and investment and transaction volume will be limited. In the long run, the housing price will stabilize because of the limited transaction volume. The special financial policy will be more dependent on the development of the financial industry, which will provide a better environment for the real estate market. The financial industry will be more dependent on the development of the financial industry, which will provide a better environment for the real estate market.

In respect of the financial business, in the second half of 2017, the global market environment will continue to be tightened. Rate hike and tightening balance sheet by the Fed will increase global economic and financial risk. Affected by the real estate market and financial deleveraging, the investment in fixed assets in China will face downward pressure. The growth in macro-economy may be slow and the financial market will be in the end. The financial leasing industry in China will mainly rely on government support. The increasing financing cost will facilitate the industry's development. Under the impact of deleveraging, domestic credit risk will continue to be alleviated. The increasing risk of financial leasing enterprises will increase.

3. Overall Operation Targets and Initiatives for Main Business Segments

In the second half of 2017, the Group will continue to implement the strategy of Manufacturing + Service + Finance, continue to carry out business expansion and upgrading and extend the manufacturing business service coverage based on customer demand, highlighting a comprehensive line business. The Group will continue to enhance global operation, improve business and production, and speed up the industrial cluster construction and upgrade of industrial chain. Innovation will be continued in manufacturing, business model and management mechanism, which will be fully implemented. The Group will continue to carry out business expansion and upgrade. It will fully achieve the overall goal.

In respect of the container manufacturing business, in the second half of 2017, the Group will focus on core business and continue to lead in the industry, and make full use of the advantages of the efficiency and ability to fully utilize the manufacturing functions. The advanced mainline shipbuilding HSE full launch. In the second half of the year, the Donggong Fenggang project will enter the early stage of construction. The business expansion will continue to be implemented in a steady and deliberate manner. A planned investment in engineering management and construction.

26 Chapter III Report of the Board

In respect of the road transportation vehicle business, in the second half of 2017, it will continue to implement the strategy of the company in the domestic market. While focusing on the semi-trailer business and the engineering business, the Group will continue to improve efficiency in the engineering business through innovation in business models, and will continue to improve the company's ability to respond to the changing trends and demands in the global market and realize the company's global strategy. In domestic markets, the Group will continue to improve the efficiency of the business through innovation in business models and improve the company's ability to respond to the changing trends and demands in the global market. In North American markets, the Group will continue to implement the strategic cooperation with the local companies in the field of engineering business. In European markets, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models.

In respect of the energy, chemical and liquid food equipment business, in the second half of 2017, it will continue to implement the strategy of the company in the domestic market. While focusing on the engineering business, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models. In domestic markets, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models. In North American markets, the Group will continue to implement the strategic cooperation with the local companies in the field of engineering business. In European markets, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models.

In respect of the offshore engineering business, in the second half of 2017, it will continue to implement the strategy of the company in the domestic market. While focusing on the engineering business, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models. In domestic markets, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models. In North American markets, the Group will continue to implement the strategic cooperation with the local companies in the field of engineering business. In European markets, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models.

In respect of the logistics services business, in the second half of 2017, it will continue to implement the strategy of the company in the domestic market. While focusing on the engineering business, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models. In domestic markets, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models. In North American markets, the Group will continue to implement the strategic cooperation with the local companies in the field of engineering business. In European markets, the Group will continue to improve the company's ability to respond to the changing trends and demands in the global market through innovation in business models.

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

I. BUSINESS OVERVIEW

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

The principal business engaged by the Company and its subsidiaries during the Reporting Period, include the I. Business of Shima and II. Relative of Principal Business during the Reporting Period under Chapter III Relative of the Board in this Report.

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

1. Significant Changes in the Major Assets

During the Reporting Period, there is no significant change in the major assets of the Company.

2. Main Overseas Assets

Assets in the United States

(III) Analysis of Core Competitive Advantages

Strategic Positioning of "Manufacture + Service + Finance"

The Company has formed an industrial layout spanning both the automotive and energy fields, and has developed major business segments in the industry-leading lithium and graphite sectors, and has become a leading player in the emerging industry which has high growth potential. The Company has advanced age. While deepening its edge in traditional industries, the Company has formed a comprehensive demand-oriented business system in the form of manufacturing + service + finance, focused on the entire value chain of the energy life cycle of a product, and established the strategic positioning and industrial ecosystem of "manufacture + service + finance".

Development Philosophies of Business Diversification and Globalisation

The Company has always been committed to the sustainable business diversification and globalized development. The Company's existing principal business includes the main manufacturing business, such as the main vehicle business, energy, chemical and lithium refined products business, the high-end engineering business, the logistics service business, the health care business, the air conditioning facilities business, the financial business, the real estate development business and the emerging business, including the investment and operation in Asia, Europe, North America and Australia, and the business network has become the world's major network and origin. In addition, the core business continues to take the lead in the industry. In addition, the main vehicle, energy and chemical products and high-end engineering business are in the leading position. The efficient implementation of business diversification and globalized development effectively enhances the overall competitiveness of the global market in the recent years of the Company's development.

A Standardised and Effective Corporate Governance System

The Company has developed a set of effective governance model covering the institutional, governance structure and management mechanism. A standardized and effective corporate governance structure is the institutional safeguard of the Company's sustainable and healthy development. Since 2010, the Company has launched the strategic grade campaign for building an emerging international sustainable and healthy development of CIMC. According to the general annual main direction of the strategic management, the Company has established a hierarchical management model covering the entire corporate structure, special committee and the Board of Directors, the 5S management system, and introduced the lean management concept. As a result, the Company has established an innovative and forward-looking management system, ensuring sustainable and healthy development of the business.

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

II. OPERATION DISCUSSION AND ANALYSIS

(I) Overview

For the details of the Group's financial performance during the Reporting Period, please refer to II. Review of Principal Business Performance during the Reporting Period under Chapter III Review of the Board in this Report.

(II) Analysis of Principal Businesses

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

Unit: RMB million and

	As at the end of the Reporting Period (30 June 2017) (unaudited)	As at the end of the Reporting Period (31 December 2016) (audited)	Change (%)	Reason for change
Dividend payable	253,412	16,746	1,413.27%	Mainly due to the increase of dividend payable for dividend holders paid at the end of the Reporting Period.
Other current liabilities	2,612,280	1,687,762	54.78%	Mainly due to the increase of the commercial accounts payable in the Reporting Period.

	The Reporting Period (January to June 2017) (unaudited)	Same period in 2016 (January to June 2016) (audited)	Change (%)	Reason for change
Financial expense	594,251	304,944	94.87%	Mainly due to the increase of finance expense and exchange loss in the Reporting Period.
Administrative expense	234,437	1,267,501	(81.50%)	Mainly due to the large decrease in the same period for administrative expenses mainly due to the elimination of activities of SOE subsidiary CIMC Enric in the same period.
(Loss)/profit from change in fair value	(32,626)	137,104	(123.80%)	Mainly due to the change in fair value of derivative financial instruments in the Reporting Period.
Income tax expense	(10,628)	(87,328)	87.83%	Mainly due to the decrease of the expense of derivative financial instruments in the same period for the same period.

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

	The Reporting Period (January to June 2017) (unaudited)	Same period in 2016 (January to June 2016) (audited)	Change (%)	Reason for change
Carriage received from operating companies	21,903	241,771	(90.94%)	Mainly due to the decrease in the amount of carriage received from operating companies
Carriage received from operating companies	142,020	791,687	(82.06%)	Mainly due to the decrease in the amount of carriage received from operating companies
Net carriage received from operating companies	5,000	764,577	(99.35%)	Mainly due to the decrease in the amount of carriage received from operating companies
Carriage received from capital contribution	33,776	1,542,157	(97.81%)	Mainly due to the decrease in the amount of carriage received from capital contribution, including CIMC Vehicle (Group) and Shenhen CIMC Electric Container and Logistic Technology Company Limited in the amount of carriage received from capital contribution

The decrease in the amount of carriage received from operating companies is mainly due to the decrease in the amount of carriage received from operating companies. The decrease is attributable to the decrease in the amount of carriage received from operating companies.

The decrease in the amount of carriage received from capital contribution is mainly due to the decrease in the amount of carriage received from capital contribution.

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

2. Composition of Principal Businesses during the Reporting Period

Unit: RMB thousand

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

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

(III) Analysis of Non-Principal Businesses

Applicable Non-applicable

Unit: RMB million and

Item	Amount	Proportion in total profit	Explanation on the formation	Sustainable or not
Income increase	(10,628)	(0.67%)	Mainly due to the increase in the dividend income in the Reporting Period.	N
Profit from change in fair value	(32,626)	(2.07%)	Mainly due to the change in the fair value of the derivative financial instrument in the Reporting Period.	N
Administrative	234,437	14.87%	Mainly due to the increase in the administrative expenses of CIMC Energy in the Reporting Period.	N
Non-recurring income	84,343	5.35%	Mainly due to the gain from the disposal of non-current assets in the Reporting Period.	N
Non-recurring expense	32,404	2.06%	Mainly due to the loss from the disposal of non-current assets in the Reporting Period.	N

(IV) Assets and Liabilities

1. Significant Changes in Assets

Unit: RMB million and

Item	As at the end of the Reporting Period		At the end of the previous year		Change from the end of the previous year (%)	Description of material change
	Amount	% of total assets	Amount	% of total assets		
Cash at bank and on hand	5,737,102	4.43%	6,325,998	5.08%	(0.65%)	Material change
Accounts receivable	16,371,018	12.64%	11,526,075	9.25%	3.39%	Material change
Inventory	18,336,871	14.16%	17,409,515	13.97%	0.19%	Material change
Income receivable	1,722,065	1.33%	1,752,608	1.41%	(0.08%)	Material change
Long-term derivative income	2,249,428	1.74%	2,162,217	1.74%	0.00%	Material change
Fixed assets	21,674,735	16.74%	22,037,261	17.68%	(0.94%)	Material change
Construction in progress	23,804,653	18.38%	22,769,189	18.27%	0.11%	Material change
Shareholding	17,945,748	13.86%	15,729,787	12.62%	1.24%	Material change
Long-term borrowing	23,665,089	18.27%	27,023,222	21.69%	(3.42%)	Material change

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

2. Assets and Liabilities Measured at Fair Value

Assets Measured at Fair Value

Unit: RMB million

Item	Amount at the beginning of the period	Profit or loss arising from changes in fair value for the Reporting Period	Cumulative changes in fair value recognised in equity	Impairment provision for the Reporting Period	Purchases for the Reporting Period	Sales for the Reporting Period	Amount at the end of the Reporting Period
Financial assets:							
1. Financial assets at fair value through profit or loss (including derivative financial assets)	138,072	29,834	-	-	-	-	180,357
2. Derivative financial assets	326,969	(71,939)	-	-	-	-	251,402
3. Hedging instruments	1,306	-	6,152	-	-	-	4,392
4. Available-for-sale financial assets	33,244	-	(3,585)	-	-	-	52,847
Subtotal of financial assets	499,591	(42,105)	2,567	-	-	-	488,998
Intangible assets	1,752,608	-	481,051	-	-	-	1,722,065
Total identifiable intangible assets	2,252,199	(42,105)	483,618	-	-	-	2,211,063
Financial liabilities	(203,041)	9,479	-	-	-	-	(192,490)
Total	2,049,158	(32,626)	483,618	-	-	-	2,018,573

When the measurement method of the main assets of the Company changed during the Reporting Period:

Yes / No

3. Restricted Asset Rights as at the End of the Reporting Period

For details of the restricted assets of the Group as at the end of the Reporting Period, please refer to the IV.24 "Chapter IX 2017 Interim Financial Report" (Undated) in this Report.

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

(V) Analysis of Investments during the Reporting Period

1. General Information

, A licable, N a licable

Investment amount in the Reporting Period (RMB thousand)	Investment amount in the same period of previous year (RMB thousand)	Change
163,229	1,023,262	(84.05%)

2. Material Equity Investments during the Reporting Period

A licable, N a licable

3. Material Non-equity Investments in Progress during the Reporting Period

A licable, N a licable

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

4. Financial Asset Investments

()

, A licable N a licable

Uni : RMB h and

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

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

()

, A licable N a licable

Uni : RMB h and

Name of the derivatives investment operator	Relationship with the Group	Related party or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the period	Amount acquired during the Reporting Period	Amount sold during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the period	Proportion of investment amount at the end of the period to net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
HSBC, S and a d Cha e ed and he _bank	Nil	N	F aign e change f a d c n a c	-	2015/1/29	2018/4/16	219,820	-	-	-	236,667	0.79%	9,452
China C n c i n Bank, HSBC and he _bank	Nil	N	In e a e a c n a c	-	2010/1/20	2021/6/28	10,302,060	-	-	-	9,849,606	33.03%	(74,075)
S and a d Cha e ed, Ind a l and he _bank	Nil	N	C a n c a c n a c	-	2017/6/23	2017/12/20	-	-	-	-	154,473	0.52%	333
Total							10,521,880				10,240,746	34.34%	(64,290)

S e f f n d f d e a i e i n e m e n

Self- n e f n d

L i g a i n c a e (i f a l i c a b l e)

N a l i c a b l e

D i c l a r e d a e f a l f d e a i e i n e m e n a a B a d m e e i n g (i f a n)

28 M a r c h 2017

D i c l a r e d a e f a l f d e a i e i n e m e n a a h a a h l d e ' m e e i n g (i f a n)

Nil

R i k a n a l i g a d i n g i i n d e a i e d i n g h e R e j i n g P e i d a n d e l a n a i n f i k c n l m e a e (i n c l d i n g b n l i m i t e d m a k e i k , i i d i k , c a d i k , e a i n i k a n d l a j k e c)

A t 30 J u n e 2017, h e d e a i e f i n a n c i a l i n m e n h e l d b h e G e e m a i n l f a i g n e c h a n g e f a d , i n e a e a a n d c a n c a c n a c . T h e i k f i n e a e a c n a c e a d e l e a e d h e f i c a i n f i n e a e . T h e i k c a u s e d b f a i g n e c h a n g e f a d e a c n n e c e d i h m a k e i k a l a i n g e c h a n g e a e a n d h e G ' c a h f i c e a i n f f a i g n c a n c a e n e i n h e f a . T h e G ' c n l n h e d e a i e f i n a n c i a l i n m e n a m a i n e f f e c i e d i n : m a k i n g d e n e l e c i n a n d d e e m i n a i n h e e a n d a n i f n e l - a d d e d d e a i e f i n a n c i a l i n m e n ; a d e a i e a n a c i n , h e G d e e l e d g r i n e p a l a r a l e m a n d e a i n a l c e e , a n d c l a r i f i e d h e a r a l a n d a h a i n c e d e f a l l e l e i n l e d , a c n l h e a c i a e d i k .

C h a n g e i n m a k e i c e r r d c f a l a e f d e a i e i n e e d d i n g h e R e j i n g P e i d , h e e f i c i e m e h d a n d e l e a n a m i n a n d a m e e d h a l l b e d i c l e d i n h e a n a l i f f a l a e f d e a i e

F r o m J a n u a r y 2017, h e G ' f i r a i n g f m c h a n g e i n f a l a e f h e d e a i e f i n a n c i a l i n m e n a R M B (6 4 , 2 9 0) m i l l i n . F a l a e f h e d e a i e f i n a n c i a l i n m e n f h e G e e d e e m i n e d b a e n m a k e i c e f e e p a l f i n a n c i a l i n i n .

E l a n a i n f a n i g n i f i c a n c h a n g e i n h e C m a n ' a c c o u n t i n g p o l i c i e a n d e f i c i e a c c o u n t i n g p o l i c i e n d e a i e b e e n h e R e j i n g P e i d a n d h e l a a j i n g e i d

N

S e c i f i c i n i n f i n d e e n d e n D i a c n h e d e a i e i n e m e n a n d i k c n l f h e C m a n

T h e C m a n i n e e d d e a i e f h e e f h e d a - d a e p a i n a l b i n e e a i n f h e C m a n i n d e m h e f i c a i n f h e e a i n f h e C m a n d e h e c h a n g e i n e c h a n g e a e a n d i n e a e . T h e e f f e c f e c h a n g e a e a n d i n e a e n h e e a i n f h e C m a n a d e c e d c h e h a i i a c c e a b l e a n d n d e c n l h e e a i n a b i l i t e d a n d i m e d , h i c h e n e d h e l n g e m e a i n g a e g i c b j e c i e e e b e a c h i e e d . T h e C m a n h a e a b l i h e d a n d i n e p a l c n l e m a n d i n e f f e c i e i m l e m e n a i n . T h e m a n a g e m e n t e m e a f n l a e d a n d c n a n l m e d . T h e a l a e d d e c i i n - m a k i n g c e d a e e a i m i e d i h i k n d e c n l i n c m l i a n c e i h h e a i m e n f h e l a a n d e g l a i n a n d i h e j d i c e h e i n e e f h e C m a n a n d h e h a a h l d e , i n a j c l a h e m i n j h a a h l d e .

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

(VI) Disposal of Substantial Assets and Equity Interests

1. Disposal of Substantial Assets

Applicable, Not applicable

2. Disposal of Substantial Equity Interests

Applicable, Not applicable

(VII) Analysis of Principal Subsidiaries and Associates

Applicable, Not applicable

Details on acquiring and disposing subsidiaries during the Reporting Period

Applicable, Not applicable

During the Reporting Period, the Group did not acquire or dispose any major subsidiary. The subsidiary has begun and ceased operations in the accounts of the Group during the Reporting Period, please refer to the Appendix IX Interim Financial Report (Unaudited) in this Report.

Details on the principal subsidiaries

Please refer to the detailed information contained in the Report of Principal Business during the Reporting Period under Chapter III Report of the Board of Directors of the details of the main financial holding subsidiary of the Group during the Reporting Period.

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

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

Unit: RMB million and

Company name	Company type	Principal activities	Industry	Registered capital	Total assets as at the end of the Reporting Period	Net assets as at the end of the Reporting Period	Revenues for the Reporting Period	Operating profits for the Reporting Period	Net profits for the Reporting Period
Taicang CIMC Container (Group) Company Limited	Wholly-owned subsidiary	Manufacturing and sales of containers	Container manufacturing	210,006	1,790,848	346,079	1,793,303	160,542	120,303
Ningbo CIMC Logistic Equipment Company Limited	Wholly-owned subsidiary	Manufacturing and sales of containers and related technological products	Container manufacturing	101,616	908,274	467,290	826,074	127,470	96,104
Shenzhen CIMC Social Vehicle Company Limited	Non-wholly-owned subsidiary	Dealership, distribution and sales of special-use vehicles, agricultural tractors and other	Agriculture manufacturing	200,000	1,844,205	929,788	1,307,958	167,347	140,092
Yangzhou CIMC Tonghua Social Vehicle Company Limited	Non-wholly-owned subsidiary	Dealership, distribution and sales of special-use vehicles, agricultural tractors, special-use vehicles, special-use vehicles, special-use vehicles, etc.	Agriculture manufacturing	434,301	1,426,052	786,406	1,314,568	109,723	96,584

(VIII) Structured Body Controlled by the Company

Applicable, Not applicable

(IX) Forecast on the Operating Results for the Period from January to September 2017

Warning and explanation in the forecast of the identifiable aggregate net profit from the beginning of the year to the end of the nine-month period becoming a significant change compared to the same period of the previous year.

Applicable, Not applicable

(X) Risk Exposures of the Company and Responsive Initiatives

Please refer to the related information contained in Section 3. Overall Operating and Initiatives of Main Business Segments and 4. Main Risk Factors of the Group of III. Outlook of the Dealership and Distribution of the Business of the Dealer of the Company and the Initiatives.

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

(XI) Reception of Research, Communications and Interviews

Applicable Not applicable

Date of reception	Mode of reception	Type of party received	Brief description on research
9 Jan 2017	Telephone conference	Welfare and Securities in Taiwan	Principal business conditions, income growth, recent industrial development and industry link
11 Jan 2017	Strategic conference of Industrial Securities	Industrial Securities and Hedge-gain	Same as above
13 Feb 2017	Field research	Performance Analysis, China Mechanical Securities and China Shanghai F&D	Same as above
13 Feb 2017	TF Securities Telephone Conference in Shanghai and Conference in Mainland	TF Securities and Hedge-gain	Same as above
14 Feb 2017	Bank of China Macao & Machine Telephone Conference	Bank of China Securities and Hedge-gain	Same as above
15 Feb 2017	Field research	GF Securities, Shenxin & Wang Securities, Jishi Capital (玖石資本), Ping An Securities, Zhongrong Fund, Shen Zhong Investment, China Mechanical Securities, Penghua Fund, Yinhua Fund, Hong Innovation (紅土創新), Pacific Securities, Hanming Asset, Oujian Securities, Yungong Capital (雲嵩資本) and Huai zhen Asset (懷真資產)	Same as above
16 Feb 2017	Field research	Bea Fund	Same as above
17 Feb 2017	Lunch and Hedge	Alhale Capital Management, Ingh Capital Management, Deche Asset Management (HK), Temle Asset Management, LBN Advice and Value Partner	Same as above
20 Feb 2017	Telephone conference	Fund Capital	Same as above
20 Feb 2017	Hai ng Securities Machine Strategic Telephone Conference	Hai ng Securities	Same as above Same as above Same as above
21 Feb 2017	Field research	Zhejiang Fund	Same as above
22 Feb 2017	Video -452014	Al 7A7 above Partner	

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

Date of reception	Mode of reception	Type of party received	Brief description on research
24 Feb 2017	Visit in Zhangjiagang	Energy Securities	Business condition and industrial development in energy and chemical business
11 April 2017	Field research	Open DCAI	Principal business condition, investment, industrial development and industry link
28 April 2017	Telephone conference	CICC and interview	Exchange in Q1
17 May 2017	Field research	Energy Securities	Principal business condition, investment, industrial development and industry link
18 May 2017	Visit in Kunshan and Shanghai	Teban Securities, ICBC Credit Service Fund, Bin Yan Capital, TF Securities, Zhongtai Securities Research Institute, Shanghai Greenland Asset, Energy Securities, Hanlin Investment (瀚倫投資), Fidelity Securities, UBS Securities, Guai Jnan, Zhehang Fund, China AMC, Tianheng Asset Management, Haiyang Securities, Haiai Securities, Haichang Securities, BOC International, Winbigh Capital, CIB Fund, CITIC Securities, Industrial Securities, ABC Financial Service, Fenghe Asset, Ping An Securities and Guai Fund	Business condition and industry link in logistics main
23 May 2017	Visit in Shanghai	Morgan Stanley	Business condition and industrial development in container business
7 June 2017	Visit in Kunshan and Shanghai	HSBC and interview	Business condition and industry link in logistics main

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

The following contain a e the financial e e e ie e a e d in acc d a n e i h the e le a n e i i n f the H ng K ng Li ng R le . The f ll ng d i c i n and anal i h a l l be e a d ge h e i h the e h a e and the 2017 In e ĩm Financial Re (n a d i e d) f the G e i n h i Re .

CHANGES IN ACCOUNTING POLICIES FOR THE REPORTING PERIOD

On 28 A g 2017, a c n i d e e d and a e d b the 11 h mee ng f the e i g h e i n f the B a d f D i e c f the C m a n f 2017 and the 6 h mee ng f the e i g h e i n f the S e i C m m i e e f 2017, the C m a n e i e d the acc n ng l i c i e f the C m a n e a n the e i e m e n d e N i c e n l a n e e f R e i e d A c c n ng S a n d a d f B i n e E n e ĩ e N . 16 , G e e m e n S b i d (C a i K a i [2017] N . 15) i e d b M i n i f F i n a n e (M O F) f the P e l e ' R e b l i c f C h i n a and N i c e n h e l a n e e f the A c c n ng S a n d a d f B i n e E n e ĩ e N . 42 , N n - c e n A e H e l d f S a l e , D i a l G e and T e m i n a i n f O e a i n (C a i K a i [2017] N . 13) i e d b M O F , e a n h i c h , (1) the C m a n h a i m l e m e n e d the N i c e n l a n e e f R e i e d A c c n ng S a n d a d f B i n e E n e ĩ e N . 16 , G e e m e n S b i d (C a i K a i [2017] N . 15) i e d b M O F i n e 12 J n e 2017 . G e e m e n g a n e l a i n g the d i n a a c i i e f the G e h a l l b e i n c l d e d i n the i n c m e b a e d n h e n a e f e c n m i c b i n e . G e e m e n g a n e l a i n g the d i n a a c i i e f the G e h a l l b e i n c l d e d i n n n - e a i n g i n c m e and e e n e . The e c i e a l i c a i n m e h d h a l l b e e d f the acc n ng e a m e n f the g e e m e n g a n e i e d n 1 J a n a 2017 f the G e . A d j m e n h a l l b e m a d e f the g e e m e n g a n a e f m 1 J a n a 2017 the e f f e c i e d a e f c h a n d a d . The c m a a i e f i n a n c i a l a e m e n f the G e f J a n a , J n e 2016 e e n e a e d . (2) The C m a n h a i m l e m e n e d the N i c e n h e l a n e e f the A c c n ng S a n d a d f B i n e E n e ĩ e N . 42 , N n - c e n A e H e l d f S a l e , D i a l G e and T e m i n a i n f O e a i n i e d b M O F i n e 28 M a 2017 . The c h a n g e i n c h a c c n ng l i c i d i d n h a e a i g n i f i c a n i m a c n h e f i n a n c i a l a e m e n f the C m a n d i n g the R e i n g P e i d . F e d e a i l , l e a e e f e n e I I . 33 f C h a e I X 2017 In e ĩm Financial Re (U n a d i e d) i n h i R e .

CONSOLIDATED OPERATING RESULTS

D i n g the R e i n g P e i d , the G e e c d e d e e n e f R M B 33 , 387 . 152 m i l l i n (a m e e i d i n 2016 : R M B 23 , 542 . 843 m i l l i n) , e e e n i n g a e a n - e a i n c e a e f 41 . 81 % , and e f i a i b a b l e h a e h l d e and h e e i h l d e f the C m a n f R M B 796 . 898 m i l l i n (a m e e i d i n 2016 : e c d i n g a l f R M B 378 . 034 m i l l i n) . F e d e a i l , l e a e e f e e l e a n i n f m a i n e i n h e c h a e h e a d e d C h a e I I S m m a f A c c n ng D a a and F i n a n c i a l I n d i c a and I I . R e i e f P i n c i a l B i n e e d i n g the R e i n g P e i d n d e C h a e I I I R e f the B a d i n h i R e .

SEGMENT INFORMATION

F e d e a i l f the e g m e n i n f m a i n f the G e d i n g the R e i n g P e i d , l e a e e f e I I . R e i e f P i n c i a l B i n e e d i n g the R e i n g P e i d n d e C h a e I I I R e f the B a d and n e X I I I f C h a e I X 2017 In e ĩm Financial Re (U n a d i e d) i n h i R e .

GROSS PROFIT MARGIN AND PROFITABILITY

D i n g the R e i n g P e i d , the g e e f i m a g i n f the G e a 18 . 41 % (a m e e i d i n 2016 : 18 . 76 %) , e e e n i n g a l i g h e a n - e a d e c e a e f 0 . 35 % . A m n g the i n c i a l b i n e e , the g e e f i m a g i n f c n a i n e m a n f a c i n g and h e a e c k i n c e a e d , the g e e f i m a g i n f f f h e e n g i n e e r i n g b i n e e d f m e f i l a a f f e c e d b h e c n i n e d d n i n h e i n d , the g e e f i m a g i n f the e m a i n i n g e g m e n e m a i n e d b a i c a l l a b l e e l i g h l d e c e a e d a c m a e d i h h e a m e e i d f l a e a F e d e a i l , l e a e e f e I I . 2 . C m i i n f P i n c i a l B i n e e d i n g the R e i n g P e i d f I I) A n a l i f P i n c i a l B i n e e f I I . O e a i n D i c i n and A n a l i f I V . O e a i n D i c i n and A n a l i P e a e d i n A c c d a n e i h h e D m e i c S e c i e R e l a R l e i n h i R e .

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

NON-OPERATING INCOME

During the Reporting Period, the Group's non-operating income amounted to RMB84.343 million (amounted in 2016: RMB167.289 million), decreasing by 49.58%, which is mainly attributable to the decrease in the government grant relating to the acquisition of the Group's new income and the new and old government grant under the CASBE during the Reporting Period. For details, please refer to the IV. 60 of Chapter IX 2017 Interim Financial Report (Undated) in this Report.

TAX EXPENSE

During the Reporting Period, the income tax expense of the Group was RMB509.633 million (amounted in 2016: RMB375.316 million), decreasing by 25.36%, which is mainly due to the increase in the income tax calculation according to the change in the amount of the significant income in the Reporting Period. For details, please refer to the IV. 62 of Chapter IX 2017 Interim Financial Report (Undated) in this Report.

TECHNOLOGY DEVELOPMENT COSTS

During the Reporting Period, the technology development cost of the Group was RMB288.459 million (amounted in 2016: RMB230.097 million), decreasing by 25.36%, which is mainly due to the increase in the investment in technology R&D of the Group during the Reporting Period. For details, please refer to the IV. 18 of Chapter IX 2017 Interim Financial Report (Undated) in this Report.

MINORITY PROFIT OR LOSS

During the Reporting Period, the Group's minority profit amounted to RMB269.611 million (amounted in 2016: RMB163.126 million), which is mainly due to the increase in the minority shareholding of the Reporting Period.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash and bank balances increased from RMB5,737.102 million (31 December 2016: RMB6,325.998 million), decreasing by 9.31% at the end of the Reporting Period. For details, please refer to the IV. 1 of Chapter IX 2017 Interim Financial Report (Undated) in this Report. The Group's fund mainly derived from the fund generated from operation and bank borrowing. The Group has always adopted prudent financial management policies and maintained sufficient and adequate cash and bank balances falling due and ensure the business development.

During the Reporting Period, the Group's net cash flow from operating activities was RMB(668.216) million (amounted in 2016: RMB933.732 million), net cash flow from investing activities was RMB(1,507.729) million (amounted in 2016: RMB(5,376.277) million) and net cash flow from financing activities was RMB1,875.660 million (amounted in 2016: RMB5,570.910 million). At the end of the Reporting Period, the balance of cash and cash equivalents held by the Group amounted to RMB5,940.423 million.

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

BANK LOANS AND OTHER BORROWINGS

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

Unit: RMB million and

	As at 30 June 2017 (unaudited)	As at 31 December 2016 (audited)
Short-term borrowings	17,945,748	15,729,787
Non-current borrowings denominated in foreign currencies	4,891,414	3,525,710
Long-term borrowings	23,665,089	27,023,222
Debentures payable	7,986,500	7,986,500
Other liabilities (including financial lease)	2,583,959	1,666,966
Total	57,072,710	55,932,185

In the first half of 2017, the net bank loan and other borrowings of the Group amounted to RMB2,798.256 million (amounted to RMB5,324.877 million) in 2016, decreasing by 47.45%. The Group's bank borrowings are mainly denominated in U.S. dollars, which are in line with the main commercial and financial activities. As at 30 June 2017, the Group's bank borrowings included fixed-rate borrowings of approximately RMB11,035.941 million (31 December 2016: RMB8,123.960 million), representing an increase of 35.84% compared with the end of the period, which is mainly due to the financing arrangements made by the Group through the bank capital markets; floating-rate borrowings of RMB35,466.310 million (31 December 2016: RMB38,154.759 million), representing a decrease of 7.05% compared with the end of the period. As at the end of the Reporting Period, the long-term borrowings are mainly denominated in foreign currencies. For details, please refer to the IV. 38 and XIV. 3 of Chapter IX 2017 Interim Financial Report (Unaudited) in this Report.

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

CAPITAL STRUCTURE

The Group's capital structure reflects its financial position and liabilities. As of 30 June 2017, the Group's financial position and liabilities are as follows: (31 December 2016: RMB39,871.883 million) in aggregate, the total liabilities are RMB89,626.971 million (31 December 2016: RMB85,479.956 million) and the total assets are RMB129,498.854 million (31 December 2016: RMB124,614.748 million). The Group is committed to maintaining an appropriate balance of equity and debt, in order to maintain an effective capital structure and to provide maximum financial flexibility.

At the end of the Reporting Period, the Group's gearing ratio is 69.21% (31 December 2016: 68.60%), which slightly increased by 0.61% as compared with the end of the previous year (Calculation of the gearing ratio: based on the Group's total debt divided by the total equity).

FOREIGN EXCHANGE RISK AND RELEVANT HEDGE

The major concern of the Group is the exchange rate of the U.S. dollar, which is the main currency used in RMB. As the exchange rate of RMB is affected by domestic and international economic and political factors, and the demand and supply of RMB, the Group is exposed to the risk of foreign exchange fluctuations from the exchange rate fluctuations in RMB against the currencies, which may affect the Group's operating results and financial condition. The management of the Group has implemented foreign exchange risk management measures to reduce the foreign exchange risk. Further, the Group has entered into foreign exchange hedging contracts held by the Group during the Reporting Period, as disclosed in IV. 2 and IV. 26 of the 2017 Interim Financial Report (Undated) 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 borrowings. To minimize the impact of interest rate risk, the Group entered into interest rate contracts with the relevant bank. Further, as disclosed in IV. 2 and IV. 26 of the 2017 Interim Financial Report (Undated) in this Report.

CREDIT RISK

The Group's credit risk is mainly attributable to cash and bank and, in addition, receivable, derivative financial instruments entered into for hedging purposes, etc. To reduce the credit risk, the management has implemented various measures. Further, as disclosed in IV. 1 of the 2017 Interim Financial Report (Undated) in this Report.

PLEDGE OF ASSETS

As at 30 June 2017, the pledged assets of the Group totalled RMB8,902.078 million (31 December 2016: RMB9,756.883 million), which increased by 8.76% as compared with the end of the previous year. Further, as disclosed in IV. 24 of the 2017 Interim Financial Report (Undated) in this Report.

CAPITAL COMMITMENTS

As at 30 June 2017, the Group had capital commitments of RMB494.514 million (31 December 2016: RMB417.786 million), which increased by 18.37% as compared with the end of the previous year, which were mainly related to the construction of the new terminal. Further, as disclosed in XI. 1. (1) of the 2017 Interim Financial Report (Undated) in this Report.

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

CONTINGENT LIABILITY

As at 30 June 2017, the Group had contingent liabilities of a total amount of RMB59.028 million (31 December 2016: RMB83.248 million), representing a decrease of 29.09% as compared with the end of the reporting period, as detailed in the notes to the financial statements. For further details, please refer to the X.1 of Chapter IX 2017 Interim Financial Report (Undated) in this Report.

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

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

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCES OF FUNDING

Future investments plan of the principal business of the Group in the second half of the year, please refer to 3. Overall Operation Targets and Initiatives of Main Business Segment of III. Future Development and Outlook of Chapter III Report of the Board in this Report. The raising and capital expenditure of the Group are mainly financed by internal funds and external financing. The Group will take a prudent attitude to enhance its raising cash flow. The Group has sufficient cash and funding meeting the requirements of capital expenditure and working capital.

CAPITAL EXPENDITURE AND FINANCING PLAN

Based on change in the economic situation and exchange rate movements, as well as the requirements of the Group's strategic goals and business development, the expected capital expenditure of the Group in 2017 is a total amount of RMB7,900 million, among which a total amount of RMB500 million is allocated to the first half of the year, which is mainly used for acquisition of fixed assets, intangible assets and long-term investments. Various financing arrangements will continue to be considered by the Group in the second half of the year.

On 31 March 2016, a convened and held a shareholders' general meeting, the Company issued a non-public offering of the A shares eligible in the amount of RMB6,000 million (the Non-public Offering of A Shares). On 17 January 2017, a certain measure will need to be implemented, the Company applied for an application to the CSRC for the registration of the issuance of the documents of the Non-public Offering of A Shares. On 9 June 2017, in accordance with the implementation plan of the plan, the company issued and issued the annual general meeting of 2016 and the first 2017 class meeting of A Shares and the first 2017 class meeting of H Shares, the Company issued the issuance of the Non-public Offering of A Shares and ended the validity period of the listing of the shareholders' general meeting as well as the validity period of the mandate of the Board. For details, please refer to II.1 and Listing of Securities of Chapter VII Change in Share Capital and Information on Substantial Shareholders in this Report. As at the end of the Reporting Period, the Non-public Offering of A Shares is still pending.

52 Chapter VI Significant Events

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

1. General Meeting Convened during the Reporting Period

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

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

Applicable, Not Applicable

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

Applicable, Not Applicable

The Company conducted profit distribution by cash dividend, bonus share increase and capital buyback during the reporting period ended 30 June 2017 (the same period of 2016: Nil).

Implementation of Profit Distribution of the Company during the Reporting Period of 2017 or the Company's 2017 Annual General Meeting

IV. COMMITMENTS PERFORMED DURING THE REPORTING PERIOD AND NOT FULFILLED AS AT THE END OF THE REPORTING PERIOD BY THE UNDERTAKING PARTIES INCLUDING THE DE FACTO CONTROLLER OF THE COMPANY, SHAREHOLDERS, CONNECTED PARTIES, BIDDERS AND THE COMPANY

Applicable N A licable

Commitment	Promisor	Type of commitment	Contents of commitment	Date of commitment	Commitment period	Implementation
------------	----------	--------------------	------------------------	--------------------	-------------------	----------------

54 Chapter VI Significant Events

V. ENGAGEMENT AND DISENGAGEMENT OF FIRMS OF ACCOUNTANTS

Whether the interim financial reports have been audited:

Yes, No

The 2017 Interim Financial Reports have not been audited.

On 9 June 2017, the Company held and attended the 2016 Annual General Meeting, the Chairman attended the PricewaterhouseCoopers ZhongTian LLP audit of the Company for 2017.

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

Applicable, Not Applicable

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

Applicable, Not Applicable

VIII. BANKRUPTCY OR REORGANISATION RELATED ISSUES

Applicable, Not Applicable

The Company had not bankruptcy or reorganization related issues during the Reporting Period.

IX. ARBITRATION EVENTS

Material litigation and arbitration events

Applicable, Not Applicable

The Company had not material litigation and arbitration events during the Reporting Period.

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

1. Summary of Share Option Incentive Scheme

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

In order to establish and improve the incentive-constraint mechanism, and effectively combine the interests of the Shareholders, the Company and its employees, the A Share(s) Share Option Incentive Scheme was conceived and approved at the extraordinary general meeting of the Company on 17 September 2010. According to the scheme, the first tranche of 54,000,000 shares in (the 'First Tranche of Share Option') were granted on 26 January 2011 and the second tranche of 6,000,000 shares in (the 'Second Tranche of Share Option') were granted on 17 November 2011.

At a 12 March 2015, in the conference and a special shareholders meeting of the enhanced in the Board in 2015, the first of the second exercisable period of the First Tranche of Share Option has met the exercisable condition and each all exercisable during from 2 June 2015 to 27 September 2020 in the all exercisable in amounting 39,660,000 shares. At a 9 October 2015, in the conference and a special shareholders meeting of the enhanced in the Board in 2015, the second exercisable period of the Second Tranche of Share Option has met the exercisable condition and each all exercisable during from 24 October 2015 to 27 September 2020 in the all exercisable in amounting 4,132,500 shares. At a 20 July 2017, in the conference and a special shareholders meeting of the enhanced in the Board in 2017 and the implementation of the annual dividend distribution plan of the Company for 2016 on 20 July 2017, the adjusted exercise price of the First and Second Tranche of Share Option is RMB10.49 and RMB16.02, respectively.

During the Reporting Period, the all exercisable shares of A Share(s) Share Option Incentive Scheme amounted 1,775,800 shares, increasing 3.03% of the total (adjusted), of which, including 1,730,800 shares were exercised during the second exercisable period of the First Tranche of Share Option, and including 45,000 shares were exercised during the second exercisable period of the Second Tranche of Share Option. The implementation of A Share(s) Share Option Incentive Scheme has not made a material impact on the Company's financial condition and the performance of the Reporting Period and in the future.

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

CIMC Enric adopted and approved a share incentive scheme ('2006 Share Option Scheme') at the extraordinary general meeting held on 12 July 2006, through which CIMC Enric granted a total of 120,370,000 shares in a share and benefited certain employees, directors and the eligible persons of the subsidiary in CIMC Enric in November 2009, October 2011 and June 2014. The 2006 Share Option Scheme expired in 2016. For details, please refer to the related announcements of CIMC Enric published on the website of the Hong Kong Stock Exchange, the related announcements released on the website of the Cninfo, the Hong Kong Stock Exchange and the Company's annual general meeting of the Company in recent years.

On 20 March 2016, the annual general meeting of CIMC Enric adopted and approved a new share incentive scheme ('2016 Share Option Scheme') and terminated the 2006 Share Option Scheme. Since adoption of the 2016 Share Option Scheme, no shares have been granted by CIMC Enric under the 2016 Share Option Scheme.

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

The CIMC Vehicle (Group) Co., Ltd. Equity Trust Plan (Draft) was adopted and approved at the general meeting of the Company held on 17 October 2007, and thereafter, the senior management of the vehicle business of the Group and the key members of CIMC Vehicle (Group) held 20% equity interest in CIMC Vehicle (Group) by capital increase of RMB220,700,000 through the CIMC Vehicle (Group) Co., Ltd. Equity Trust Plan (hereinafter referred to as "CIMC Vehicle (Group) Equity Trust Plan") of Shenzhen International Trust & Investment Co., Ltd. (深圳國際信託投資有限責任公司) (now renamed China Resource SZITIC Trust Co., Ltd.) as trustee. On 30 December 2015, CIMC Vehicle (Group) completed the capital increase and the CR Trust CIMC Vehicle (Group) Equity Trust Plan given its effectiveness. As at 31 March 2016, the Company decided and approved the Resolution regarding the Amendment of CIMC Vehicle (Group) Co., Ltd. Equity Trust Plan (Draft) (《關於修改〈中集車輛集團有限公司股權信託計劃(草案)〉的議案》) at the 2015 annual general meeting. Finally, after the relevant announcement was made in the evening of the Chinaf, the Hong Kong Stock Exchange and the Company announced the relevant matters of the Company in recent years. The CR Trust CIMC Vehicle (Group) Equity Trust Plan held 15.83% equity interest in CIMC Vehicle (Group) at the end of the Reporting Period.

2. Implementation of the A Share(s) Share Option Incentive Scheme of the Company and its Influence

Scope of acquisition of the Reporting Period	The financial amount of 54,000,000 shares (among which 4,107,500 shares were cancelled) were granted to 175 senior management and key technical personnel of the Company; the second tranche of 6,000,000 shares in (among which 578,125 shares were cancelled) were granted to 38 key technical personnel and middle management of the Company.
Total shares granted during the Reporting Period (shares)	0
Total shares exercised during the Reporting Period (shares)	1,775,800
Total shares cancelled during the Reporting Period (shares)	0
Total shares awarded during the Reporting Period (shares)	0
Total shares granted by awarding at the end of the Reporting Period in a cumulative basis (shares)	23,453,740
Total shares granted and exercised at the end of the Reporting Period in a cumulative basis (shares)	31,860,635
Adjustment granted and exercised during the Reporting Period and the granted and exercised amount of the adjustment	The initial exercise price of the first tranche was RMB12.39/ share which was adjusted to RMB10.49/ share after implementation of the dividend distribution plan for the year 2010-2016.
	The initial exercise price of the second tranche was RMB17.57/ share which was adjusted to RMB16.02/ share after implementation of the dividend distribution plan for the year 2011-2016.

58 Chapter VI Significant Events

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

Name	Position	Number of equity granted during the Reporting Period (shares)	Number of equity exercised during the Reporting Period (shares)	Number of outstanding and exercisable equity at the end of the Reporting Period (shares)
Mai Biliang	CEO and President, Executive Director	0	0	2,850,000
Li Xubin	Vice President	0	0	997,000
Wu Faqi	Vice President	0	0	750,000
Li Yinhi	Vice President	0	0	750,000
Yi Ya	Vice President	0	0	650,000
Zhang Baoping	Vice President	0	0	750,000
Gao Xiang	Vice President	0	0	375,000
Yi Yubin	Secretary of the Board	0	0	750,000
Zeng Han	General manager of the finance department	0	0	288,750

Note: On 27 March 2017, the Chairman of the Management Mr. Jin Jianling exercised 640,000 restricted A shares of the Company and 1,400,000 restricted shares of CIMC Energy.

XIII. MATERIAL CONNECTED TRANSACTIONS DISCLOSED ACCORDING TO SHENZHEN LISTING RULES

1. Connected Transactions Relating to Daily Operations

Applicable Not Applicable

Chapter VI Significant Events 59

Related party	Relationship with the Group	Type of the connected transaction	Details of the connected transaction	Pricing Principle	Price	Amount (RMB'000)	% of the total amount of a similar transaction	Approved	Whether approved cap has been exceeded	Settlement method	Available market price of a similar transaction	Disclosure date	Disclosure index
							(RMB'000)	cap	exceeded	price of	date	index	
Y&C Engine Co., Ltd.	Jinmen	Purchase	Purchase	Regulatory		309,000							
Shaan Headi Automobile Co., Ltd.	Minjiahe	Purchase	Purchase	Regulatory		49,559							
Fujian Qingshen Bamboo Co., Ltd.	Associated	Purchase	Purchase	Regulatory		8,259							
Ahitong Co., Ltd.	Minjiahe	Purchase	Purchase	Regulatory		1,855							
Xinhai Co., Ltd.	Associated	Purchase	Purchase	Regulatory		394							
Other related	-	Purchase	Purchase	Regulatory		1,758							
Other related	-	Receiving	Receiving	Regulatory		15,681							
Shaan Headi Automobile Co., Ltd.	Minjiahe	Sale	Sale	Regulatory		93,174							
Fujian Maritime Limited	Substantial	Sale	Sale	Regulatory		63,809						2016.11.12	cninfo.com.cn
Simons	Minjiahe	Sale	Sale	Regulatory		59,136							
Fujian Cnain Co., Ltd.	Substantial	Sale	Sale	Regulatory		25,676						2016.11.12	cninfo.com.cn
Fujian Cnain Service Ltd.	Substantial	Sale	Sale	Regulatory		12,624						2016.11.12	cninfo.com.cn
Dongfang International (Liangang) Co., Ltd.	Substantial	Sale	Sale	Regulatory		4,965						2016.11.12	cninfo.com.cn
NYK Zhenhai (Tianjin) Co., Ltd.	Jinmen	Sale	Sale	Regulatory		228							
Other related	-	Sale	Sale	Regulatory		8,298							
Other related	-	Receiving	Receiving	Regulatory		20,078							
Total						674,494							

Detail of financial

Nil

Projected financial performance in the following period including the combined and actual performance during the Reporting Period (if any)

The related connected transaction in the following period includes COSCO SHIPPING Development Co., Ltd. and its subsidiaries (including Fujian Maritime Limited, Fujian Cnain Co., Ltd., Fujian Cnain Service Ltd. and Dongfang International (Liangang) Co., Ltd.) exceeded small shareholder of the Net Filing Agreement entered into on November 11, 2016. During the Reporting Period, the aggregated transaction amount is RMB107,074,000 and did not exceed the cap of 2017 (RMB450,000,000).

Reason for the financial difference between actual and expected financial performance (if applicable)

Not applicable

60 Chapter VI Significant Events

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

Applicable, Not Applicable

3. Connected Transactions Relating to Joint External Investments

Applicable, Not Applicable

4. Claims and Liabilities among the Connected Transactions

Applicable, Not Applicable

Whether there are non-paying claim and liabilities among the connected transactions

Yes, No

Claims receivable from any related party:

Unit: RMB million and

Related party	Relationship with the Group	Reason	Any appropriation of funds for non-operating purposes	Opening balance	Amount increased during the current period	Amount recovered during the current period	Interest rate	Interest for the current period	Closing balance
Zhejiang CIMC Embellish Real Estate Co., Ltd	Associated company of the Group	Overdue billings by Shanghai Ideai	N	824,391	-	320,823	-	6,690	503,568
Shanghai Fengang Real Estate Development Co., Ltd.	Associated company of the Group	Overdue billings by Shanghai Ideai	N	34,204	-	-	-	-	34,204
Nanning Nelanic Facility Co., Ltd.	Associated company of the Group	Overdue billings by Shanghai Ideai	N	10,629	-	10,629	-	-	-
Xinang World Hong Kong Co., Ltd.	Associated company of the Group	Overdue billings by Shanghai Ideai	N	4,361	7,944	-	-	-	12,305
Effect claim among the connected transactions: Nil									
Whether there are legal and financial information									
Company									

Liabilities payable to any related party:

Unit: RMB thousand

Related party	Relationship with the Group	Reason	Opening balance	Amount increased during the current period	Amount repaid during the current period	Interest rate	Interest for the current period	Closing balance
Ga fin In e men S.A.	Minority shareholder	Opening balance	46,990	-	1,419	-	522	45,571
Sh inde F iRealE a e In e men C ., L d	Minority shareholder	Opening balance	56,794	-	29,579	-	-	27,215

Effect of liabilities among the connected parties in the Nil
 opening and financial information

5. Other Material Connected Transactions

Applicable, Not Applicable

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

Applicable, Not Applicable

The company's non-operating capital of the Company which is controlled by controlling shareholders and its related parties during the Reporting Period.

XV. MATERIAL CONTRACTS AND THEIR PERFORMANCES

1. Trusteeship, Contracting or Leasing

(1) Trusteeship

Applicable, Not Applicable

During the Reporting Period, the company has not seen the Company generating a profit which contributed 10% of the total profit of the Company during the Reporting Period.

62 Chapter VI Significant Events

(2) Contracting

As applicable, Not Applicable

During the Reporting Period, the Company has contracted for the Company's general management services which contributed 10% of the total profit of the Company during the Reporting Period.

(3) Leasing

As applicable, Not Applicable

During the Reporting Period, the Company has leased for the Company's general management services which contributed 10% of the total profit of the Company during the Reporting Period.

2. MATERIAL GUARANTEES

As applicable, Not Applicable

(1) Description of Guarantees

Unit: RMB million and

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

Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Contract and deal of subsidiary of CIMC Vehicle	28 March 2017	2,650,000	1 January 2017	794,628	Warranty	1-2 years	N	N
Contract and deal of C&C Truck and iron rolling subsidiary	28 March 2017	1,600,000	1 January 2017	314,477	Warranty	1-2 years	N	N
Purchase of commodity of CIMC Skidder Real Estate and iron rolling subsidiary	28 March 2017	740,000	1 January 2017	714,347	Warranty	1-2 years	N	N
Contract of CIMC Raffle	28 March 2017	382,000	1 January 2017	334,250	Warranty	1-2 years	N	N
Total guaranteed facilities announced during the Reporting Period (A1)		1,122,000		Total amount of external guarantee during the Reporting Period (A2)				1,048,597
Total guaranteed facilities announced at the end of the Reporting Period (A3)		5,372,000		Total balance of external guarantee at the end of the Reporting Period (A4)				2,157,702

Chapter VI Significant Events 63

The Company's guarantees for subsidiaries

Name of the guaranteed	Disclosure date of the announcement about guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Subsidiary of CIMC	28 March 2017	24,172,570	1 January 2017	5,982,920	Warranty	1-2 years	N	N
Overseas holding subsidiary of CIMC	28 March 2017	30,000,000	1 January 2017	14,460,910	Warranty	1-2 years	N	N
Guarantee facilities provided by the Company (B1)				35,651,530	Actual amount of guarantee facilities provided by the Company (B2)			14,623,210
Guarantee facilities provided by the Company (B3)				54,172,570	Actual balance of guarantee facilities provided by the Company (B4)			20,443,830

Subsidiaries' guarantees for subsidiaries

Name of the guaranteed	Disclosure date of the announcement about guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Guaranteed or not
Guarantee facilities provided by the Company	28 March 2017	12,573,650	1 January 2017	6,254,230	Warranty	1-2 years	N	N
Guarantee facilities provided by the Company (C1)				6,731,980	Actual amount of guarantee facilities provided by the Company (C2)			2,216,770
Guarantee facilities provided by the Company (C3)				12,573,650	Actual balance of guarantee facilities provided by the Company (C4)			6,254,230

Total guarantee of the Company (total of the above three items)

Guarantee facilities provided by the Company (A1+B1+C1)				43,505,510	Actual amount of guarantee facilities provided by the Company (A2+B2+C2)			17,888,577
Guarantee facilities provided by the Company (A3+B3+C3)				72,118,220	Actual balance of guarantee facilities provided by the Company (A4+B4+C4)			28,855,762
% of actual amount (A4+B4+C4) in net assets of the Company								96.76%
Of which:								
Guarantee amount provided by Shaohde, the defendant and related parties (D)								0
Debt guarantee amount provided by independent third parties (E)								9,013,380
Amount of guarantee amount in excess of 50% net assets of the Company (F)								13,944,356
Total amount of guarantee (D+E+F)								22,957,736
Elimination of liability for guarantee provided by the Company								0
Elimination of liability for guarantee provided by the Company in respect of guarantee (if any)								0
Elimination of net guarantee provided by independent third parties (if any)								0

Specific elimination of guarantee: none

64 Chapter VI Significant Events

(2) Irregular External Guarantees

Applicable, N/A

3. OTHER MATERIAL CONTRACTS

Applicable, N/A

XVI.SOCIAL RESPONSIBILITY

1. Performance of Precise Poverty-alleviation Social Responsibility

Applicable, N/A

During the Reporting period, the Company did not engage in any precise poverty-alleviation activities and had no full-time staff for precise poverty alleviation.

2. Performance of Other Social Responsibilities

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

3. Material Environmental Protection Events

When the listed company and its subsidiaries are not the listed financial institution and change published by the environmental protection information

Yes, N/A

Chapter VI Significant Events 65

The subsidiary of the Group which exceeded a key environmental changing indicator in the environmental record in China are as follows:

Name of subsidiary	Name of major and specific pollutants	Emission method	Number of		Emission concentration	Pollutant emission standards in effect	Total emission	Approved	
			emission outlets	Distribution of emission outlets				total emission	Excessive emission
Shanghai CIMC Logistic Equipment Manufacturing Co., Ltd.	Sulfur dioxide, methylene chloride and formaldehyde	Concentrated high-aldehyde emission	19	Distribution in the plant, the main and the main line	Emitted	Permitted standards	Complied		Nil
Nanjing CIMC Shipbuilding Co., Ltd. and Nanjing CIMC Special Equipment Manufacturing Co., Ltd.	Particulate matter, methylene chloride, formaldehyde, COD, SS and ammonia nitrogen	Influent and effluent emission	14	Distribution in the plant, the main and the main line	Emitted	Influent emission standards (GB16297-1996), Ineffluent emission standards (GB8978-1996) and Water quality standards for discharge of municipal sewage (CJ343-2010)	Complied		Nil
Shanghai CIMC Baell Industrial Co., Ltd.	Non-methane hydrocarbon	Organized (chimney) emission	4	Distribution in the plant, the main and the main line	Emitted	DB31/933-2015 Ineffluent emission standards for Air Pollution	Complied		Nil
Shanghai CIMC Yanghan Logistic Equipment Co., Ltd.	Ammonia nitrogen, PH, aldehyde, BOD, COD, SS and non-methane hydrocarbon	Influent and effluent emission	6		Emitted		Complied		Nil
Shenzhen CIMC Special Vehicle Co., Ltd.	Particulate matter, sulfur dioxide, methylene chloride and formaldehyde	High-aldehyde emission	10	Centralized distribution	Emitted	DB44/27-2001 Permitted standards	Complied		Nil
Nanjing CIMC Tank Equipment Co., Ltd.	Chemical ammonia nitrogen, particulate matter, methylene chloride and non-methane hydrocarbon	Influent and effluent emission	6	General	Emitted	Third standards	Complied		Nil

Chapter VI Significant Events 67

Name of subsidiary	Construction and operation of pollution prevention and control facilities
Shanghai CIMC Yangshan Logistic Equipment Co., Ltd.	<p>I. The company has 11 sets of facilities for the Yangshan port terminal.</p> <p>II. The company has 1 industrial water treatment plant with a capacity of 100m³/d. The industrial water treatment plant is equipped with aeration, flocculation, sedimentation, and filtration. The industrial water treatment plant is equipped with aeration, flocculation, sedimentation, and filtration. The industrial water treatment plant is equipped with aeration, flocculation, sedimentation, and filtration.</p> <p>III. The company has 1 industrial water treatment plant with a capacity of 100m³/d. The industrial water treatment plant is equipped with aeration, flocculation, sedimentation, and filtration. The industrial water treatment plant is equipped with aeration, flocculation, sedimentation, and filtration.</p>
Shanghai CIMC Special Vehicle Co., Ltd.	<p>I. The company has 5 sets of facilities for the Yangshan port terminal.</p> <p>II. The company has 1 set of facilities for the Yangshan port terminal.</p> <p>III. The company has 2 sets of facilities for the Yangshan port terminal.</p> <p>IV. The company has 2 sets of facilities for the Yangshan port terminal.</p>
Nanjing CIMC Tank Equipment Co., Ltd.	<p>I. The company has 1 set of facilities for the Yangshan port terminal.</p> <p>II. The company has 1 set of facilities for the Yangshan port terminal.</p> <p>III. The company has 2 sets of facilities for the Yangshan port terminal.</p>

68 Chapter VI Significant Events

XVII. EXPLANATION ON OTHER MATERIAL EVENTS

1. On 17 Jan a 2017, a ce ain ma e ill need be e led, he C m an b mi ed an a lica i n he CSRC f he en i n f i n e c i n f he d c m e n f he N n- b l i c O f f e i n g f A S h a e . O n 9 J n e 2 0 1 7, i n d e e n e h e i m l e m e n a i n f h e e l e a n k , n c n i d e a i n a n d a l a h e a n n a l g e n e r a l m e e i n g f 2 0 1 6, h e f i 2 0 1 7 c l a m e e i n g f A S h a e a n d h e f i 2 0 1 7 c l a m e e i n g f H S h a e , h e C m a n e i e d i i a n c e l f h e N n- b l i c O f f e i n g f A S h a e a n d e e n d e d h e a l i d i e i d f h e e l i n b h e h a e h l d e ' g e n e r a l m e e i n g a e l l a h e a l i d i e i d f h e m a n d a e f h e B a d . F e l e a n i n f m a i n , l e a e e f e h e e l e a n a n n c e m e n d a e d 1 7 J a n a , 2 1 A l l a n d 9 J n e 2 0 1 7 d i c l e d i n C h i n a S e c i e J u r n a l , S h a n g h a i S e c i e N e , S e c i e T i m e , C n i n f e b i e (. c n i n f . c m . c n) , h e C m a n ' e b i e (. c i m c . c m) (N i c e N . : [C I M C] 2 0 1 7 - 0 0 2 , [C I M C] 2 0 1 7 - 0 2 4 a n d [C I M C] 2 0 1 7 - 0 3 3) a n d h e e b i e f h e H n g K n g S c k E c h a n g e (. h k e n e . h k) . A a h e e n d f h e R e i n g P e i d , h e N n- b l i c O f f e i n g f A S h a e i i l l e n d e d .
2. On 7 A l l 2 0 1 7, C h i n a M e c h a n P H l d i n g C m a n L i m i e d , h e f m e h a e h l d e f h e C m a n , a n f e e d a l l h a e f i h l l - n e d b i d i a S a e L i m i e d (i n d i e c l h l d i n g h a e f h e C m a n , h g h h e h l l - n e d b i d i a C h i n a M e c h a n (C I M C) I n e m e n L i m i e d) C h i n a M e c h a n I n d H l d i n g C . , L d . b a g e e m e n . U n h e c m l e i n f a n a c i n n 9 J n e 2 0 1 7, C h i n a M e c h a n I n d H l d i n g C . , L d . h a b e c m e h e c n l l i n g h a e h l d e h l l - n e d S a e L i m i e d a n d a l h e l a g e h a e h l d e f h e C m a n i n d i e c l b i n d i e c l h l d i n g 7 3 0 , 5 5 7 , 2 1 7 H S h a e f h e C m a n (a c c n i n g f 2 4 . 5 1 % f h e a l i e d h a e f h e C m a n) h g h S a e L i m i e d a n d C h i n a M e c h a n (C I M C) I n e m e n L i m i e d . A h e n m b e a n d e c e n a g e f h a e f h e C m a n h e l d b C h i n a M e c h a n G e m a i n e d n c h a n g e d b e f e a n d a f e h e a n f e f h a e f S a e L i m i e d , C h i n a M e c h a n G e c n i n e d b e h e l a g e h a e h l d e f h e C m a n i n d i e c l . F e l e a n i n f m a i n , l e a e e f e h e e l e a n a n n c e m e n d a e d 8 A l l a n d 9 J n e 2 0 1 7 d i c l e d i n C h i n a S e c i e J u r n a l , S h a n g h a i S e c i e N e , S e c i e T i m e , C n i n f e b i e (. c n i n f . c m . c n) , h e C m a n ' e b i e (. c i m c . c m) (N i c e N . : [C I M C] 2 0 1 7 - 0 2 0 a n d [C I M C] 2 0 1 7 - 0 3 2) a n d h e e b i e f h e H n g K n g S c k E c h a n g e (. h k e n e . h k) .
3. A c n i d e e d a n d a e d b h e 1 1 h m e e i n g f h e e i g h e i n f h e B a d f D i e c f h e C m a n f 2 0 1 7 a n d h e 6 h m e e i n g f h e e i g h e i n f h e S e i C m m i e e f 2 0 1 7, h e C m a n e i e d h e a c c n i n g l i c i e f h e C m a n a n h e e i e m e n n d e N i c e n I a n c e f R e i e d A c c n i n g S a n d a d f B i n e E n e i e N . 1 6 , G e a m e n S b i d (C a i K a i [2 0 1 7] N . 1 5) i e d b M O F a n d N i c e n h e I a n c e f h e A c c n i n g S a n d a d f B i n e E n e i e N . 4 2 , N n- c e n A e H e l d f S a l e , D i a l G a n d T e m i n a i n f O e a i n (C a i K a i [2 0 1 7] N . 1 3) i e d b M O F a n d h a i m l e m e n e d c h e i e d a c c n i n g l i c i e i n c e 1 2 J n e 2 0 1 7 a n d 2 8 M a 2 0 1 7 a c c d i n g h e e l e a n e i e m e n e e c i e l . F e l e a n i n f m a i n , l e a e e f e h e e l e a n a n n c e m e n d a e d 2 8 A g 2 0 1 7 d i c l e d i n C h i n a S e c i e J u r n a l , S h a n g h a i S e c i e N e , S e c i e T i m e , C n i n f e b i e (. c n i n f . c m . c n) , h e C m a n ' e b i e (. c i m c . c m) (N i c e N . : [C I M C] 2 0 1 7 - 0 5 8) a n d h e e b i e f h e H n g K n g S c k E c h a n g e (. h k e n e . h k) .

Summary of significant events	Date of disclosure	Search index of the tentative announcement disclosure website
1. A l i c a i n f h e e n i n f h e N n- b l i c O f f e i n g f A S h a e a n d a d j m e n i n h e l a n f h e N n- b l i c O f f e i n g f A S h a e a n d e e n i n f h e a l i d i e i d f h e e l i n b h e h a e h l d e ' g e n e r a l m e e i n g a e l l a h e a l i d i e i d f h e m a n d a e	17 Jan a 2017, 21 A l l 2017 and 9 J n e 2017	.cninf .c m .cn
2. Change in h a e h l d i n g f C h i n a M e c h a n I n d H l d i n g C . , L d . i n h e C m a n	8 A l l 2017 and 10 J n e 2017	.hke ne .hk
3. Change in a c c n i n g l i c	28 A g 2017	.cimc.c m

70 Chapter VII Changes in Share Capital and Information on Substantial Shareholders

I. CHANGES IN SHAREHOLDINGS IN THE REPORTING PERIOD

1. Change in Share Capital

Unit: Share

	Pre-movement (As at 31 December 2016)		New issue	Increase/decrease (+/-) Conversion			Sub-total	Post-movement (As at 30 June 2017)	
	Numbers of shares	Percentage		Bonus issue	from reserves	Others		Numbers of shares	Percentage
I. Shareholding structure	699,526	0.02%	0	0	0	28,500	28,500	728,026	0.02%
1. Share held by domestic companies	0	0.00%	0	0	0	0	0	0	0.00%
2. Share held by domestic individuals	699,526	0.02%	0	0	0	28,500	28,500	728,026	0.02%
3. Share held by domestic legal entities	0	0.00%	0	0	0	0	0	0	0.00%
4. Share held by foreign individuals	0	0.00%	0	0	0	0	0	0	0.00%
5. Share held by foreign legal entities	0	0.00%	0	0	0	0	0	0	0.00%
6. Share held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%
II. Shareholding structure	2,977,877,460	99.98%	1,775,800	0	0	(28,500)	1,747,300	2,979,624,760	99.98%
1. RMB-denominated Ordinary Share (A Share)	1,261,300,851	42.35%	1,775,800	0	0	(28,500)	1,747,300	1,263,048,151	42.38%
2. Share issued in n-RMB currency and listed domestically	0	0.00%	0	0	0	0	0	0	0.00%
3. Share issued in n-RMB currency and listed overseas (H Share)	1,716,576,609	57.63%	0	0	0	0	0	1,716,576,609	57.60%
4. Other	0	0.00%	0	0	0	0	0	0	0.00%
III. Total share	2,978,576,986	100.00%	1,775,800	0	0	0	1,775,800	2,980,352,786	100.00%

Reason for change in share

- On 27 March 2017, the Company's management Mr. Jin Jianling issued newly 210,000 A share (including 52,500 circulating share held by him) holding by him in full by selling share in accordance with the fall bid limit.
- On 3 January 2017, the Company's management Mr. Li Xubin sold 24,000 share held by him in full.
- During the Reporting Period, 1,730,800 in new issued during the period of the First Tranche of Share Option, and 45,000 in new issued during the period of the Second Tranche of Share Option, having, in total, 1,775,800 share in new issued.

Chapter VII Changes in Share Capital and Information on Substantial Shareholders 71

Annual change in share capital

Applicable, Not Applicable

Tax effect change in share

Applicable, Not Applicable

Effect of change in share capital on financial indicators such as the basic earnings per share and diluted earnings per share, the net asset value available to ordinary Shareholders of the Company and the dividend

Applicable, Not Applicable

	Item	Pre-movement in shares (RMB/share)	Post-movement in shares (RMB/share)
2016	Basic earnings per share	0.14	0.14
	Diluted earnings per share	0.14	0.14
	Net asset value available to ordinary Shareholders of the Company	9.14	9.14
First half of 2017	Basic earnings per share	0.2554	0.2554
	Diluted earnings per share	0.2544	0.2554
	Net asset value available to ordinary Shareholders of the Company	10.01	10.01

Other matters that the Company deemed necessary to be disclosed by the regulations shall be disclosed

Applicable, Not Applicable

72 Chapter VII Changes in Share Capital and Information on Substantial Shareholders

2. Changes in Shares with Selling Restrictions

, A licable N A licable

Unit : Share

Name of Shareholders	Number of shares with selling restrictions at the beginning of the period	Number of shares with selling restrictions expired in the period	Increase in number of shares with selling restrictions in the period	Number of shares with selling restrictions at the end of the period	Reasons for selling restrictions	Expiry date of selling restrictions
Mai B liang (N e 1)	371,026	0	0	371,026	Shareholder selling shares in accordance with the announcement of change and clearing company	Nil
Y Ya (N e 1)	75,000	0	0	75,000	Same as above	Nil
Jin Jianling (N e 2)	157,500	0	52,500	210,000	Resigned on 27 March 2017. Shares held by him in shares were locked since his length of service fell below minimum shareholding requirements	Nil
Li Xubin (N e 3)	96,000	(24,000)	0	72,000	Shareholder selling shares in accordance with the announcement of change and clearing company	3 January 2017
Total	699,526	(24,000)	52,500	728,026	-	-

Note 1: Mai B liang held 371,026 shares subject to selling restrictions available to be exercised. Y Ya held 75,000 shares subject to selling restrictions at the beginning of each year and he held a total of 25% of the total shares held by him in the management calculation of the shares in selling restrictions of the company.

Note 2: On 27 March 2017, the Company's management Jin Jianling resigned from his position. As a result of his resignation, 210,000 A shares (including 52,500 clearing shares in selling restrictions) held by him were all subject to selling restrictions since his length of service fell below the minimum shareholding requirements.

Note 3:

Chapter VII Changes in Share Capital and Information on Substantial Shareholders

III. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE COMPANY

As at 30 June 2017, the total number of Shares held by the Company is 80,942, including: 12 held by H Shares and 80,930 held by A Shares.

Unit: Shares

Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Shareholdings of the ordinary Shareholders who hold above 5% or the top ten ordinary Shareholders				Pledged or frozen shares Status	Number
			Number of ordinary shares held at the end of the Reporting Period (Shares)	Changes during the Reporting Period (Shares)	Number of ordinary shares with selling restrictions (Shares)	Number of ordinary shares without selling restrictions (Shares)		
HKSCC Nominees Limited (No. 1)	Foreign legal person	57.59%	1,716,412,609	65,099,538	-	1,716,412,609	-	0
COSCO Container Line Limited (No. 2)	Foreign legal person	14.50%	432,171,843	-	-	432,171,843	-	0
China Securities Finance Corporation Limited	State-owned legal person	2.70%	80,414,863	(6,252,204)	-	80,414,863	-	0
Central Huijin Asset Management Ltd.	State-owned legal person	1.27%	37,993,800	-	-	37,993,800	-	0
ICBC Credit Service Fund, Agricultural Bank, ICBC Credit Service China Securities and Financial Asset Management Program	Domestic non-affiliated legal person	0.32%	9,566,600	-	-	9,566,600	-	0
Zhongou Fund, Agricultural Bank, Zhongou China Securities and Financial Asset Management Program	Domestic non-affiliated legal person	0.32%	9,566,600	-	-	9,566,600	-	0
Beia Fund, Agricultural Bank, Beia China Securities and Financial Asset Management Program	Domestic non-affiliated legal person	0.32%	9,566,600	-	-	9,566,600	-	0
Dacheng Fund, Agricultural Bank, Dacheng China Securities and Financial Asset Management Program	Domestic non-affiliated legal person	0.32%	9,566,600	-	-	9,566,600	-	0
Haihe Fund, Agricultural Bank, Haihe China Securities and Financial Asset Management Program	Domestic non-affiliated legal person	0.32%	9,566,600	-	-	9,566,600	-	0
Yinhua Fund, Agricultural Bank, Yinhua China Securities and Financial Asset Management Program	Domestic non-affiliated legal person	0.32%	9,566,600	-	-	9,566,600	-	0
The plain text disclosed in the abbreviated Shareholding	Unknown							

74 Chapter VII Changes in Share Capital and Information on Substantial Shareholders

Shareholdings of top ten ordinary Shareholders without selling restrictions

Name of Shareholders	Number of ordinary shares without selling restrictions held at the end of the Reporting Period	Type of shares	
		Type of shares	Number
HKSCC N minee Limitee (N e 1)	1,716,412,609	Ordinary listed foreign share	1,716,412,609
COSCO Container (Group) Limited (N e 2)	432,171,843	RMB-denominated domestic share	432,171,843
China Securities Finance Corporation Limited	80,414,863	RMB-denominated domestic share	80,414,863
Central Huijin Asset Management Limited	37,993,800	Ordinary listed foreign share	37,993,800
ICBC Credit Service (Group) Company Limited, Agricultural Bank of China, ICBC Credit Service (Group) Company Limited and Financial Asset Management Program	9,566,600	RMB-denominated domestic share	9,566,600
Zhongrong Finance (Group) Company Limited, Agricultural Bank of China, Zhongrong Finance (Group) Company Limited and Financial Asset Management Program	9,566,600	RMB-denominated domestic share	9,566,600
Bank of China Finance (Group) Company Limited, Agricultural Bank of China, Bank of China Finance (Group) Company Limited and Financial Asset Management Program	9,566,600	RMB-denominated domestic share	9,566,600
Dacheng Finance (Group) Company Limited, Agricultural Bank of China, Dacheng Finance (Group) Company Limited and Financial Asset Management Program	9,566,600	RMB-denominated domestic share	9,566,600
Haier Finance (Group) Company Limited, Agricultural Bank of China, Haier Finance (Group) Company Limited and Financial Asset Management Program	9,566,600	RMB-denominated domestic share	9,566,600
Yinhua Finance (Group) Company Limited, Agricultural Bank of China, Yinhua Finance (Group) Company Limited and Financial Asset Management Program	9,566,600	RMB-denominated domestic share	9,566,600
The relevant interest has been held by the Shareholder in the ordinary shares of the Company and the Shareholder in the ordinary shares of the Company	Unknown		
Except for the ordinary shares held by the Shareholder in the ordinary shares of the Company in financing activities (if any)	Nil		

Note 1: As at 30 June 2017, HKSCC N minee Limitee held 1,716,412,609 H shares, including (but not limited to) the 730,557,217 H shares of the Company held by China Merchants Group through its subsidiary and the 245,842,181 H shares of the Company held by China COSCO Shipping Group subsidiary (including 220,520,075 H shares held by COSCO Container (Group) Limited).

Note 2: As at 30 June 2017, COSCO Container (Group) Limited held 220,520,075 H shares of the Company which were registered under HKSCC N minee Limitee (see above mentioned Note 1) and 432,171,843 A shares of the Company.

The ordinary shares and the ordinary shares of the Company in the ordinary shares of the Company did not constitute an agreed purchase arrangement during the Reporting Period.

Chapter VII Changes in Share Capital and Information on Substantial Shareholders

IV. CHANGE OF CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

1. Controlling Shareholders of the Company

Applicable / Not Applicable

The existing controlling shareholders in the Company during the Reporting Period, have a no change.

2. De Facto Controller

Applicable / Not Applicable

The existing de facto controller in the Company during the Reporting Period, have a no change.

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

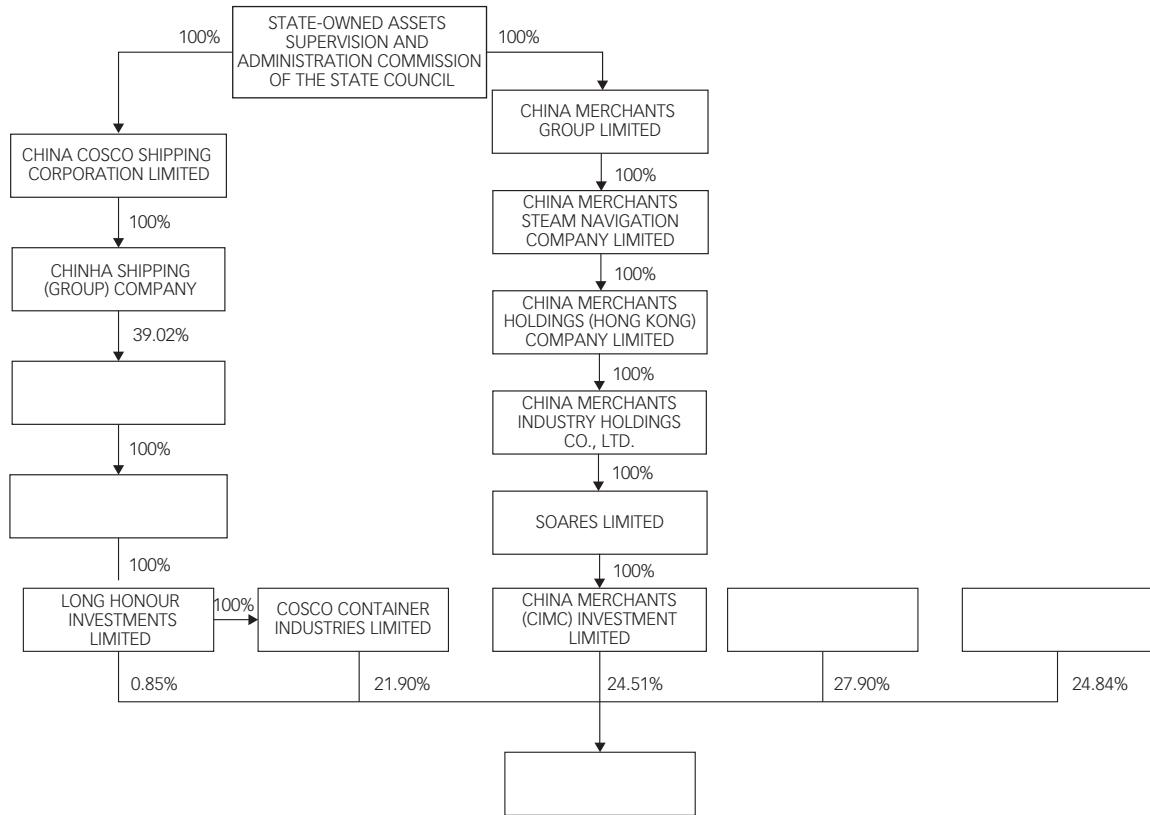
As far as the Directors are aware, as at 30 June 2017, the persons (including the Directors, Senior Management and the chief executive of the Company) who had interest in the shares and underlying shares of the Company which are required to be disclosed in the register of interests in shares and who are interested in the shares of the Company under Section 336 of the SFO are as follows:

Name of Shareholder	Nature of shares	Number of shares (Shares)	Capacity	Percentage of such shares in the same class of the issued shares (%)	Percentage of such shares in the total issued shares (%)
China Mechanical Group (Limited)	H Shares	730,557,217 (L)	Interested and controlled by the beneficial shareholders	42.56%	24.51%
China COSCO Shipping (Limited)	A Shares	432,171,843 (L)	Interested and controlled by the beneficial shareholders	34.20%	14.50%
	H Shares	245,842,181 (L)	Interested and controlled by the beneficial shareholders	14.32%	8.25%
Zhang Jinhuan (Limited)	H Shares	358,251,896 (L)	Interested and controlled by the beneficial shareholders	20.87%	12.02%
Bad Ride Limited (Limited)	H Shares	215,203,846 (L)	Beneficial interest	12.54%	7.22%
	H Shares	143,048,050 (L)	Personal interest in shares	8.33%	4.80%
Promoting Limited	H Shares	143,048,050 (L)	Beneficial interest	8.33%	4.80%

(L) Long Position

Chapter VII Changes in Share Capital and Information on Substantial Shareholders 77

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



78 Chapter VIII Information on Directors, Supervisors and Senior Management

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

Applicable Not Applicable

Unit: Share

Name	Position	Status	Class of shares	Shares	Increase of shares during the Reporting Period	Decrease of shares during the Reporting Period	Shares held at the end of the Reporting Period	Restricted shares	Restricted shares granted during the Reporting Period	Restricted shares
				held at the beginning of the Reporting Period				granted at the beginning of the Reporting Period		granted at the end of the Reporting Period
Li Xubin	Vice Chairman	Chairman	A Share	96,000	0	24,000	72,000	0	0	0
			H Share	2,400	0	0	2,400	0	0	0

II. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

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

Name	Position	Type	Date	Reasons
Jin Jianling	General Manager of Financial Department	Resignation	27 March 2017	Resignation
Zeng Han	General Manager of Financial Department	Appointment	27 March 2017	Appointment

Chapter VIII Information on Directors, Supervisors and Senior Management 79

2. The changes of Directors and Supervisors of the Company after the Reporting Period are set out below:

On 7 August 2017, Mr. Wang Zhiqian resigned from the position of Independent Director of the Company and all the positions in the Risk Management Committee and the Remuneration and Audit Committee of the Board due to the change in job assignment. The resignation of Mr. Wang Zhiqian has taken effect from the date of the Board's receipt of his resignation. On 11 August 2017, the Board elected independent Mr. Hu Xianfeng as a new Independent Director of the eighth session of the Board. According to the Articles of Association, the resignation has been deemed effective at the extraordinary general meeting in 2017 of the Company to be convened on 26 September 2017 for convening and a special.

On 7 August 2017, Mr. Lu Shenghui resigned from the position of the Secretary of the Company due to the change in work arrangement. Mr. Lu Shenghui's resignation will take effect from the date of the Company's falling below the minimum term; however, according to the Articles of Association, Mr. Lu Shenghui's resignation will not become effective until the next general meeting of the Company is held. Mr. Lu Shenghui shall continue to fulfill the duties of the Secretary until his resignation takes effect. On 11 August 2017, the Secretary Committee elected independent Mr. Wang Hong'an as a new Secretary of the eighth session of the Secretary Committee. According to the Articles of Association, the resignation has been deemed effective at the extraordinary general meeting in 2017 of the Company to be convened on 26 September 2017 for convening and a special.

For the main information, please refer to the announcements dated 7 August and 11 August 2017 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) (Notice No.: [CIMC] 2017-048 and [CIMC] 2017-051) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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

At a 35097 T(A) 0.6(a) 0.5(35097 T)0.6(men OF)TJS cia i n,)3 7 T(0.6(m0 Td()TJE 5(35097e B)18(dh →T)0.61(→18. f

80 Chapter VIII Information on Directors, Supervisors and Senior Management

1. Interest in the Shares of the Company:

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

2. Interest in the Underlying Shares of the Company:

Further detail of the interest in the underlying shares of the Company held by Director, Supervisor and the chief executive of the Company as at 30 June 2017, please refer to XII. Implementation of the Company's Incentive Scheme, Employee Stock Ownership Scheme and Employee Incentive Measure under Chapter VI Significant Events in this Report.

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

Name	Associated corporation	Nature of interest	Number of shares held (shares)	Percentage of such shares in the total issued shares or total equity interest (%)
Mai B liang	CIMC Vehicle (Group)	Beneficial shareholder	Not applicable	0.74% (Not applicable)
	CIMC Energy	Beneficial in e	3,260,000	0.17%

Note: Mr. Mai B liang indirectly held 0.74% interest in CIMC Vehicle (Group) by holding 4.69% shares in the CRTC-CIMC Vehicle (Group) Employee Incentive Plan. Further detail of the CRTC-CIMC Vehicle (Group) Employee Incentive Plan, please refer to (3) Implementation of the Employee Incentive Scheme of the subsidiary CIMC Vehicle (Group) in XII. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme and Employee Incentive Measure under Chapter VI Significant Events in this Report.

As set out in detail above, as at 30 June 2017, a former Director of the Company and a former non-executive Director, Supervisor and the chief executive held an interest in the shares, underlying shares and debentures (within the meaning of Paragraph XV of the SFO) of the Company and an affiliated company, which are deemed to be held by the Company and the Hong Kong Stock Exchange under Division 7 and 8 of Paragraph XV of the SFO, including in e and shares in which are taken deemed to be held by the SFO, which are deemed to be recorded in the register of the Company under Section 352 of the SFO, which are deemed to be held by the Company and the Hong Kong Stock Exchange under the Model Code contained in Appendix 10 of the Hong Kong Listing Rules.

IV. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

The main change in information of the former Director and Supervisor of the Company during the Reporting Period is further detail, please refer to 2016 Annual Report.

Chapter IX 2017 Interim Financial Report (Unaudited) 81

1. AUDIT REPORT

When the interim financial statements were audited,

the audit was performed on a limited basis.

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

2. FINANCIAL REPORT

China Inland Oil & Gas (Group) Company Limited.

The financial statements cover the period from 1 January 2017 to 30 June 2017.

The figures in the financial statements are denominated in: RMB'000

82 Chapter IX 2017 Interim Financial Report (Unaudited)

Condensed Balance Sheet

As at 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has priority in Reference Only)

	Note	30 June 2017	31 December 2016
Assets			
Current assets:			
Cash at bank and on hand	IV.1	5,737,102	6,325,998
Financial assets at fair value through profit or loss	IV.2	187,117	141,160
Net receivable	IV.3	1,096,250	1,536,191
Accounts receivable	IV.4	16,371,018	11,526,075
Advances	IV.6	2,393,030	2,165,982
Inventory		8,580	9,250
Dividend receivable		42,055	41,959
Other receivable	IV.5	8,243,976	9,347,887
Intangible	IV.7	18,336,871	17,409,515
Available-for-sale financial assets	IV.8	203,847	203,847
Contract in financial contract	IV.9	4,118,028	3,941,689
Other contract	IV.10	719,176	702,478
Total current assets		57,457,050	53,352,031
Non-current assets			
Financial assets at fair value through profit or loss	IV.2	249,034	325,187
Available-for-sale financial assets	IV.11	461,762	442,726
Long-term receivable	IV.12	13,499,327	13,220,242
Long-term equity investments	IV.13	2,249,428	2,162,217
Intangible	IV.14	1,722,065	1,752,608
Fixed assets			

Chapter IX 2017 Interim Financial Report (Unaudited)

Condensed Balance Sheet (Continued)

As at 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text and Chinese Text are for Reference Only)

	Note	30 June 2017	31 December 2016
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Shareholding	IV.25	17,945,748	15,729,787
Financial liabilities at fair value through profit or loss	IV.26	134,772	141,806
Notes payable	IV.27	1,253,175	1,551,582
Accounts payable	IV.28	11,345,178	10,160,951
Advanced from customers	IV.29	4,545,835	3,780,694
Employee benefits payable	IV.30	2,120,417	2,115,108
Taxes payable	IV.31	975,399	1,092,030
Interest payable	IV.32	533,428	303,375
Dividends payable	IV.33	253,412	16,746
Other payable	IV.34	6,127,379	5,154,073
Provision	IV.35	772,163	847,429
Contingent financial liabilities	IV.36	5,015,501	3,667,872
Other contingent liabilities	IV.37	2,612,280	1,687,762
Total current liabilities		53,634,687	46,249,215
Non-current liabilities:			
Financial liabilities at fair value through profit or loss	IV.26	57,718	61,235
Long-term borrowings	IV.38	23,665,089	27,023,222
Deferred tax liabilities	IV.39	7,986,500	7,986,500
Long-term payables	IV.40	504,909	529,372
Payable for specific projects	IV.41	16,720	9,704
Deferred income	IV.42	836,650	839,738
Deferred liabilities	IV.21	687,884	657,414
Other non-current liabilities	IV.43	2,236,814	2,123,556
Total non-current liabilities		35,992,284	39,230,741
Total liabilities		89,626,971	85,479,956
Shareholders' equity			
Share capital	IV.44	2,980,353	2,978,577
Other equity instruments	IV.45	1,981,143	2,049,035
Capital reserve	IV.46	3,075,965	3,126,585
Other comprehensive income	IV.47	429,765	357,341
Surplus reserve	IV.48	3,279,379	3,279,379
Undistributed profit	IV.49	18,076,208	17,495,053
Total equity attributable to shareholders and other equity holders of the company		29,822,813	29,285,970
Minority interests		10,049,070	9,848,822
Total shareholders' equity		39,871,883	39,134,792
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		129,498,854	124,614,748

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

Legal representative:
Ma BiliangThe person in charge of
accounting affairs: Zeng HanThe head of the accounting
department: Zeng Han

84 Chapter IX 2017 Interim Financial Report (Unaudited)

Balance Sheet

As at 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text and Chinese Text are for Reference Only)

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

Chapter IX 2017 Interim Financial Report (Unaudited)

Balance Sheet (Continued)

As at 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text and Chinese Text are for Reference Only)

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

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

Legal representative
Authorized signatory: Mai Biliang

The person in charge of
accounting affairs: Zeng Han

The head of accounting
department: Zeng Han

86 Chapter IX 2017 Interim Financial Report (Unaudited)

Consolidated Income Statement

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

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

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

Legal representative
 authorized sign: Mai Biliang

The person in charge of
 accounting affairs: Zeng Han

The head of the accounting
 department: Zeng Han

Chapter IX 2017 Interim Financial Report (Unaudited)

Income Statement

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

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

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

Legal representative
 authorized sign: Mai Biliang

The person in charge of
 accounting affairs: Zeng Han

The head of the accounting
 department: Zeng Han

88 Chapter IX 2017 Interim Financial Report (Unaudited)

Condensed Cash Flow Statement

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

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

Chapter IX 2017 Interim Financial Report (Unaudited) 89

90 Chapter IX 2017 Interim Financial Report (Unaudited)

Cash Flows Statement

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

	Net	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of service		92,944	74,196
Cash received relating to leasing activities		2,750,305	3,026,963
Sub-total of cash inflows		2,843,249	3,101,159
Cash paid for goods and service		-	38,246
Cash paid on behalf of employees		53,410	153,809
Payments for acquisition and change		13,625	27,955
Cash paid relating to leasing activities		4,157,049	3,246,351
Sub-total of cash outflows		4,224,084	3,466,361
Net cash outflows from operating activities	XVI.24	(1,380,835)	(365,202)
II. Cash flows from investing activities			
Cash received from disposal of investments		6,800,000	-
Cash received from disposal of investments		275,133	8,000
Net cash received from disposal of fixed assets		-	2,261
Sub-total of cash inflows		7,075,133	10,261
Cash paid for acquisition of identifiable intangible assets and other intangible assets		24,944	6,962
Payments for investments		6,886,616	-
Sub-total of cash outflows		6,911,560	6,962
Net cash inflows from investing activities		163,573	3,299
III. Cash flows from financing activities			
Cash received from issuing		4,070,000	4,426,000
Cash received from capital contribution		8,158	23,712
Sub-total of cash inflows		4,078,158	4,449,712
Cash payment for issuing		3,720,000	4,061,000
Cash payment for distribution of dividends and interest		152,617	349,716
Sub-total of cash outflows		3,872,617	4,410,716
Net cash inflows from financing activities		205,541	38,996
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(3,909)	182
V. Net increase/(decrease) in cash and cash equivalents	XVI.24	(1,015,630)	(322,725)
Add: Cash and cash equivalents at the beginning of the year		1,715,470	652,865
VI. Cash and cash equivalents at the end of the period	XVI.24	699,840	330,140

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

Legal Representative
Authorized Signatory: Mai Biliang

The person in charge of
accounting affairs: Zeng Han

The head of the accounting
department: Zeng Han

Change of Control in Shahe Ide

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

Item	Attributable to equity holders of the Company						Total shareholders' equity	Minority interests	Surplus reserve	Undistributed profits	Other comprehensive income	Share capital	Attributable to the Company			Total shareholders' equity
	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Other comprehensive income							Share capital	Other comprehensive income	Share capital	
I. Balance at 31 December 2016	2,978,577	2,049,035	3,126,585	357,341	3,279,379	17,495,053	9,848,822	39,134,792	2,977,820	2,033,043	3,181,863	3,203,578	17,805,808	7,033,280	35,720,915	
II. Balance on 1 January 2017	2,978,577	2,049,035	3,126,585	357,341	3,279,379	17,495,053	9,848,822	39,134,792	2,977,820	2,033,043	3,181,863	3,203,578	17,805,808	7,033,280	35,720,915	
III. Movements for the period																
(I) Transactional income																
1. Increase in share premium		35,908	-	-	-	760,990	269,611	1,066,509		119,792	-	-	419,868	195,323	734,983	
2. Decrease in share premium		-	-	72,424	-	-	26,598	99,022		-	-	-	-	95,528	967,346	
Sub-total of comprehensive income		35,908	-	72,424	-	760,990	296,209	1,165,531		119,792	-	-	419,868	290,851	1,702,329	
(II) Changes in equity																
1. Issuance of shares		-	-	-	-	-	-	-								
2. Issuance of shares in exchange of cash	1,776	17,207	-	-	-	-	18,983	-	757	-	7,574	-	-	-	8,331	
3. Issuance of shares in exchange of non-current assets	-	-	3,428	-	-	-	55,259	58,687	-	-	227,441	-	-	330,875	3,550,316	
4. Issuance of shares in exchange of cash and non-current assets	-	-	-	-	-	-	42,794	42,794	-	-	-	-	-	29,565	29,565	
5. Decrease in share premium	-	(78,103)	-	-	-	-	(3,513)	(81,616)	-	-	(22,239)	-	-	(726,250)	(748,489)	
6. Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	8,097	9,000	
7. Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,742)	(7,742)	
8. Increase in share premium	-	-	70	-	-	-	4,436	4,506	-	-	1,692	-	-	2,063	3,755	
9. Increase in share premium	-	-	6,778	-	-	-	2,805	9,583	-	-	22,316	-	-	10,068	32,384	
10. Issuance of shares in exchange of cash	-	-	-	-	-	-	-	-	-	-	(600,000)	-	-	-	(600,000)	
11. Redemption of shares	-	-	-	-	-	-	-	-	-	-	7,035	-	-	-	7,035	
12. Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
(III) Changes in equity																
1. Acquisition of shares	-	-	-	-	-	(179,835)	(197,742)	(377,577)	-	-	-	-	75,801	(75,801)	(76,787)	
2. Purchase of shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(684,822)	(684,822)	
3. Increase in share premium	-	(103,800)	-	-	-	-	-	(103,800)	-	(103,800)	-	-	-	-	(103,800)	
IV. Balance at 30 June 2017	2,980,353	1,981,143	3,075,965	429,765	3,279,379	18,076,208	10,049,070	39,871,883	2,978,577	2,049,035	3,126,585	3,279,379	17,495,053	9,848,822	39,134,792	

The amount in English of the financial statements

Legal representative: Mai Biliang
 The person in charge of accounting affairs: Zeng Han
 The head of the accounting department: Zeng Han

Statement of Change in Shareholders' Equity

For the period from January 1, 2017 to June 30, 2017

(All amounts in RMB'000 unless otherwise stated)
(English Translation in Reference Only)

Item	From January 1 to June 30, 2017						2016				
	Share capital	Other equity instruments	Capital surplus	Surplus reserve	Other comprehensive income	Undistributed profits	Total Shareholders' equity	Share capital	Other comprehensive income	Undistributed profits	Total Shareholders' equity
i. Balance at 31 December 2016	2,978,577	2,049,035	3,287,149	3,279,379	43,754	2,380,348	14,110,79				

Notes to the Financial Statements

93

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text is in Reference Only)

I. GENERAL INFORMATION

China Inernational Marine Container (Group) Company, Limited (hereinafter referred to as "China Inernational Marine Container Company, Limited", or "CIMC" for short), was established in the People's Republic of China by China Mechanical Group, the East Asia Container Company (Denmark) and Ocean Container Inc.(USA). In December 1992, it was established in Shenzhen by Shenzhen Finance [1992] 1736 issued by the General Office of the People's Government of Shenzhen and Shenzhen Renyin Finance [1992] 261 issued by Shenzhen Special Economic Zone Branch of People's Bank of China, the Company was established as an incorporated company with limited liability and was named as China Inernational Marine Container Company, Limited by the original shareholders of the Company. On 31 December 1993 and 17 January 1994 respectively, the Company issued shares denominated in Renminbi Yuan (RMB) and foreign convertible shares (B Shares), and commenced trading on Shenzhen Stock Exchange. Pursuant to Shenzhen Finance [1993] 925 issued by the General Office of the People's Government of Shenzhen and Shenzhen Zheng Ban Finance [1994] 22 issued by Shenzhen Securities Administration Office On 1 December 1995, it was established as a public company in accordance with the Company Law of the PRC and commenced trading on the Shanghai Stock Exchange. The Registered Address and Address of Head Office of the Company is 8th Floor, CIMC R&D Center, 2 Gangnan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC.

On 19 December 2012, the Company's convertible foreign shares (B Shares) changed listing location and were listed on the main market of the Stock Exchange of Hong Kong through the adoption of a resolution. Henceforth, all the Company's B Shares converted into convertible foreign shares (H Shares).

The principal activities of the Company and its subsidiaries (collectively referred to as the "Group") are the manufacturing of marine container manufacturing facilities, facilities for energy, food, chemical and engineering materials. Detailed activities are the manufacturing and selling of containers and related equipment; selling the Group's equipment and manufacturing of various types of containers and related equipment; trading containers, shipping, marketing, engineering services (including and/or including, welding and assembly) and the engineering services; design, manufacturing and selling of high-tech and high performance special vehicle, heavy truck, air-conditioning, fire-engine and semi-trailer; leasing of containers; design, production and sale of high-end refrigerated containers, chassis and containers; trading in general services for national goods; production of containers and related equipment; and trading EP+CS (engineering services and construction services) technical services for the design and construction of LNG, LPG and other chemical gas. As of the above, the Group is also engaged in financial services, manufacturing of logistics equipment and related services, marine services, rail truck production and related equipment, etc.

CIMC Engineering Limited ("CIMC Eng"), the subsidiary of the Group, is listed in the Main Board of the Stock Exchange of Hong Kong Limited. The principal activities of Eng are the design, development, manufacturing, engineering and sale of, and the provision of technical maintenance services for various types of containers, design and construction of containers, which are related to energy, chemical and related industries.

Pei Global Limited ("Pei"), the subsidiary of the Group, is listed in the main board of the Catalist of Singapore Exchange Ltd. The principal activities of the Pei Global Ltd are electrical production and sale, automatic equipment and equipment, automatic logistics equipment and equipment, air-conditioning equipment (air-conditioning vehicle, self-propelled air-conditioning vehicle, air-conditioning vehicle, air-conditioning vehicle, air-conditioning vehicle), in addition and after-sale services for self-produced products and agent products and related equipment management services. Pei delisted from the Singapore Exchange Ltd. since 7 September 2016.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

I. GENERAL INFORMATION (CONTINUED)

Please refer to Note VI for details of subsidiaries included in the consolidated financial statements and all other subsidiaries included in the consolidated financial statements. Please refer to Note V.2 for details of subsidiaries excluded from the consolidated financial statements.

This financial statement has been approved by the Board of Directors on 28 August 2017.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group makes specific accounting policies and accounting estimates according to characteristic financial business, which include provisions for bad debts receivable (Note II.10), deferred income (Note II.11), the choice of determining impairment loss on financial assets (Note II.20), derivative financial assets and liabilities (Note II.14 and 17), measurement of provisions (Note II.21) and deferred tax (Note II.23), etc.

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

1. Basis of preparation

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

Notes to the Financial Statements

95

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

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

4. Recording currency

Financial currency is determined by the Company and is recorded in the balance sheet in which major income and costs are denominated and settled.

The financial currency of the Company and is recorded in PRC as Renminbi. Hong Kong and the overseas subsidiaries use local currencies as their financial currency. Foreign currency is defined as currency other than financial currency.

Financial statements of the Company are prepared in Renminbi. Foreign subsidiaries using currencies other than Renminbi as their financial currency, the Company translates the financial statements of the subsidiaries in Renminbi (see Note II.8).

5. Business combinations

(1) Business combinations involving enterprises under common control

A business combination in line with the definition of a business combination in which all of the combining enterprises are ultimately controlled by the same party before and after the business combination, and have no change of control. The assets and liabilities obtained are measured at the carrying amount as recorded by the enterprises being combined at the business combination date. The difference between the carrying amount of the net assets obtained and the carrying amount of the net identifiable intangible assets (including identifiable intangible assets) is adjusted to capital reserve in the capital account. If the balance of the capital reserve is insufficient, an excess is adjusted to retained earnings. An exception is that the business combination shall be recognized in full for the consolidated financial statements. The business combination date is the date on which the combining enterprises effectively obtain control of the combining enterprises.

(2) Business combinations involving enterprises not under common control

A business combination in line with the definition of a business combination in which all of the combining enterprises are not ultimately controlled by the same party before and after the business combination. Where 1) the aggregate of the fair value of the identifiable intangible assets (including the identifiable intangible assets held by the acquirer) and liabilities incurred is greater than the fair value of the identifiable intangible assets, the difference is recognized as goodwill (see Note II.18). When 1) is less than 2), the difference is recognized in full for the consolidated financial statements. The cost of the intangible assets is debited to the cost of the identifiable intangible assets and included in the initial recognition amount of the intangible assets. Other identifiable intangible assets acquired from the business combination are recognized as an expense in the period in which the cost is incurred. The difference between the fair value and the carrying amount of the net assets is recognized in full. The identifiable intangible assets, liabilities and contingent liabilities, if any, are recognized by the Group as identifiable intangible assets. The identifiable intangible assets in which the acquirer effectively obtains control of the acquirer.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

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

6. Preparation of consolidated financial statements

The consolidated financial statements are prepared on a consolidated basis and the consolidated financial statements are prepared on a consolidated basis. Consolidation means the group has a high degree of control over the investee, and could gain or lose high income. The investee has the ability to affect the group's financial position. The financial position, financial performance and cash flows of the investee are included in the consolidated financial statements from the date of commencement until the date of cessation.

When a subsidiary has acquired during the reporting period, although a business combination in line with the independent principle, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date of the commencement of the consolidated financial statements. The opening balance and the comparative figures of the consolidated financial statements are all adjusted. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities are valued on a cost basis and included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date of the commencement of the combination to the date of the subsidiary's cessation.

When a subsidiary has acquired during the reporting period, although a business combination in line with the independent principle, the identifiable assets and liabilities of the acquired subsidiary are included in the consolidated financial statements from the date of commencement, based on the fair value of the identifiable assets and liabilities at the acquisition date.

For a business combination in line with the independent principle and achieved in stages, the Group measures the fair value of the acquired subsidiary in the acquisition date. The difference between the fair value and the carrying amount is recognized as an income from the acquisition; the amount recognized in the combined income statement relating to the fair value of the acquired subsidiary is declared as an income from the acquisition.

When the Company acquires a minority interest in a subsidiary, the difference between the amount by which the minority interest is adjusted and the amount of the non-controlling interest received is adjusted to the capital reserve (capital surplus) in the consolidated balance sheet. If the credit balance of capital reserve (capital surplus) is insufficient, an expense is adjusted to retained earnings.

When the Group's consolidated financial statements are the final financial statements, the Group recognizes the assets, liabilities, minority interest and the related items in the 'equity' in relation to the subsidiary. The remaining equity in the income statement is measured as a fair value at the date of the consolidated financial statements. The gain or loss of the acquired assets recognized as an income from the acquisition is included in the consolidated financial statements.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

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 into the functional currency at the exchange rate at the date of receipt. Other foreign currency transactions are, initially recognized, translated into the functional currency at the applicable rate at the date of the transaction.

All exchange rates are determined by the People's Bank of China. All exchange rates are determined under a market and daily method, and small exchange rate fluctuations are ignored.

Monetary items denominated in foreign currencies are translated into the functional currency at the exchange rate at the balance sheet date. The exchange rate difference, except for the arising from the financial and in the specific foreign currency borrowing from the bank, is recognized in profit or loss. Non-monetary items denominated in foreign currencies are measured at historical cost translated into the functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies are measured at fair value using the foreign exchange rate at the date the fair value is determined; the exchange rate difference is recognized in profit or loss, except for the difference arising from the translation of available-for-sale financial assets, which is recognized in other comprehensive income. The effective exchange rate change is recognized in other comprehensive income.

The assets and liabilities of foreign exchange are translated into the functional currency at the exchange rate at the balance sheet date. The equity items, including retained earnings, are translated into the functional currency at the exchange rate at the transaction date. The income and expense of foreign exchange are translated into the functional currency at the applicable rate at the transaction date. The exchange rate difference is recognized in other comprehensive income. Under the fair value of foreign exchange, the commodity amount of the exchange rate difference is recognized in equity, which relates to foreign exchange in the period in which the disposal occurs. The cash flow of foreign exchange is translated into the functional currency at the exchange rate at the date of the cash flow. The effective exchange rate change is recognized in other comprehensive income.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text and Chinese Text are equally authoritative)

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, receivable, available-for-sale financial assets, instruments in equity, derivative financial instruments, instruments in liability, bank borrowings and debt payable.

(1) Financial Assets

(a) Financial assets at fair value through profit or loss

Financial assets are classified in the following categories at initial recognition: financial assets at fair value through profit or loss, receivable, available-for-sale financial assets and held-for-trading instruments. 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 trading and derivatives held in the normal course of business.

b. Receivable

Receivable are non-derivative financial assets that have fixed or determinable amounts and are not quoted in an active market.

c. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative that are held for longer-term and are classified in an active market. They are included in non-current assets unless the instruments are managed in order to be sold within 12 months of the end of the reporting period.

(2) Financial liabilities at fair value through profit or loss

Financial liabilities are recognized at fair value in 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 gain or loss is recognized in profit or loss from the date of recognition in profit or loss of the financial asset. Financial liabilities are classified as liabilities at fair value through profit or loss if the financial assets are included in the initial recognition amount.

Financial assets at fair value through profit or loss are measured at fair value. Instruments in equity in instruments are measured at cost when the holder does not have a significant influence in an active market and the fair value cannot be reliably measured. Receivable are measured at amortized cost using the effective interest method.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference)

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

9. Financial instruments (Continued)

(1) Financial Assets (Continued)

(i) Available-for-sale financial assets

Gain or loss arising from change in the fair value of financial assets available for sale is recognized in profit or loss. In addition, cash dividends received during the period in which such financial assets are held, are all the gain or loss arising from disposal of the assets are recognized in profit or loss of the concerned period.

Accumulated fair value adjustments of available-for-sale financial assets are recognized in other comprehensive income and exchange gain and loss of foreign currency financial assets. When available-for-sale financial assets are disposed, the accumulated fair value adjustments are recognized in other comprehensive income in the income statement. In addition, available-for-sale equity investments are calculated using the effective interest method and cash dividends on available-for-sale equity investments when they are eligible are recognized in the income statement as part of the income.

(ii) Held-to-maturity investments

The Group assesses the carrying amount of financial assets held to determine whether a fair value loss is realized at each balance sheet date. If the objective evidence has a financial asset is impaired, the Group determine the amount of impairment loss.

Objective evidence indicating a financial asset is impaired is when measurable loss has been incurred in the initial recognition of the financial asset and the influence of the financial asset's estimated future cash flows which can be reliably measured by the Group.

Evidence of held-to-maturity investments impairment is measured as a significant 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 recognized if the fair value of an equity instrument has fallen 50% (50% inclusive) of its initial investment cost or in the case where the fair value has been less than the initial investment cost for more than one year (one year inclusive). The Group will consider the relevant factors, such as the liquidity, to determine the impairment loss should be recognized 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 investments is calculated using the effective interest method.

When an impairment loss on a financial asset is carried as an impaired cash account, the amount of

Notes to the Financial Statements

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

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

9. Financial instruments (Continued)

(1) Financial Assets (Continued)

(c) Available-for-sale financial assets (Continued)

When an available-for-sale financial asset is impaired, the cumulative impairment from decline in fair value has been recognized directly in equity if it is classified as held-to-maturity. If, after an impairment loss has been recognized on an available-for-sale debt instrument, the fair value of the debt instrument increases in (c)

Notes to the Financial Statements

103

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

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

9. Financial instruments (Continued)

(4) Equity instrument

An equity instrument is a contract that gives the holder the right to receive a share of the residual assets of the Group after deducting all liabilities in the Group.

The residual claim in an instrument is recognized as a liability when the instrument contains contractual obligations that are financial in nature and identifiable.

The claim is recognized from the issuance of the instrument when the instrument is a contract which obligates the issuer to deliver or to provide access to a financial asset. When the instrument is a contract that does not obligate the issuer to deliver or to provide access to a financial asset, it is not recognized.

Contingent and derivative instruments are classified as equity instruments if they are not financial liabilities and are not derivatives.

10. Receivables

Receivable is the amount due to the Group from the sale of goods or services. Accounts receivable arising from the sale of goods or services are initially recognized at fair value of the contractual amount from the best estimate of the amount.

Receivable are classified as financial assets and are measured at fair value.

When an instrument is classified as a financial asset, an impairment loss is recognized if the carrying amount of the instrument is greater than the present value of the estimated future cash flows (exclusive of credit losses) that are expected to be received. All impairment losses are recognized in profit or loss.

The amount of impairment loss on receivable is the difference between the carrying amount and the present value of the estimated future cash flows (exclusive of credit losses) that are expected to be received. The amount of impairment loss is recognized in profit or loss.

If, after an impairment loss has been recognized on receivable, there is objective evidence of a decrease in the fair value of the financial asset which can be related to the impairment loss, the amount of impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not increase the carrying amount of the asset above the amount that would have been determined had no impairment loss been recognized in the past.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has the final Reference Only)

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

10. Receivables (Continued)

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

Certain individually significant receivables have been individually identified as individually significant and impairment provided on an individual basis.

Individually significant receivables are the receivables with the individual amount less than RMB10 million (inclusive) accounting for 5% or more of the total receivables.

Method of individually significant receivables have been individually identified as individually significant and impairment provided on an individual basis.

An impairment loss is calculated at the effective closing amount less the present value of the expected cash flows (effective of the credit loss has not been incurred) discounted at the original effective interest rate.

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

Certain individually insignificant receivables have been individually identified as individually insignificant but impairment provided on an individual basis.

Within the receivables whose amount are individually insignificant, impairment is also provided on an individual basis for the aged receivables in order to reflect the risk of non-recovery.

Method of individually insignificant receivables have been individually identified as individually insignificant but impairment provided on an individual basis.

An impairment loss is calculated at the effective closing amount less the present value of the expected cash flows (effective of the credit loss has not been incurred) discounted at the original effective interest rate.

Notes to the Financial Statements

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

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:

Receivable has been individually assessed in (1) and (2), for the assessment made collectively on a group basis if receivable has similar credit characteristics.

Determine in method of the group based on credit characteristics

Account receivable are divided into the following categories: consumer goods, vehicle, energy, chemical and liquid food items, off-hire engineering, air-conditioning facilities, telephone and communication equipment, land lease agreement and leasing deposits and other receivable. A group of off-hire engineering, telephone receivable is individually assessed based on credit characteristics according to individual credit assessment and historical data. A group like deposit agreement, land lease agreement, leasing deposits, and etc, if the credit risk is assessed as being low based on the assessment on credit risk and historical experience, no impairment is recognized for the group.

Group 1	Consumer
Group 2	Automotive
Group 3	Energy, chemical and liquid food items
Group 4	Air-conditioning facilities
Group 5	Logistics
Group 6	Telephone
Group 7	Financial leasing

Method of impairment receivable assessment on a collective group basis (based on an ageing analysis, average of the actual balance and the...).

Consumer	Provision determined based on an ageing analysis (O.E.D. ageing)
Automotive	Provision determined based on an ageing analysis (O.E.D. ageing)
Energy, chemical and liquid food items	Provision determined based on an ageing analysis (O.E.D. ageing)
Air-conditioning facilities	Provision determined based on an ageing analysis (O.E.D. ageing)
Logistics	Provision determined based on an ageing analysis (O.E.D. ageing)
Telephone	Provision determined based on an ageing analysis (O.E.D. ageing)
Finance lease receivable	Provision determined based on model analysis

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has legal reference only)

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, impairment is made based on historical receivable ageing analysis as follows:

Ageing	Percentage of total accounts receivable (%)	
	Group 1, 2, 4, 5, 6	Group 3
Within 1 year (inclusive)	5%	0%-5%
1-2 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 available-for-sale materials. Raw materials include general consumables, packaging materials and other materials, which can be used to produce products in accordance with the definition of finished goods.

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text is the authoritative reference)

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

11. Inventories (Continued)

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

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, freight and other incidental costs incurred in bringing the inventories to their present location and condition. Borrowing costs directly related to the production of inventories are also included in the cost of inventories (see Note 16). In addition, the changing cost of materials, labour and other direct costs and an allowance for all other factors are included.

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 cost of completion and the estimated selling expenses and related taxes necessary to make the sale. The net realisable value of materials held for sale in the ordinary course of business is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the finished goods held for sale is measured based on the net realisable value of the finished goods. If the finished goods specified in the contract are more than the finished goods held by the Group, the net realisable value of the excess finished goods shall be based on general selling price.

An allowance for the cost of 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 material including low-value consumable and packaging material are amortised in full when received for use. The amount of the amortisation is included in the cost of the related assets.

12. Long-term equity investments

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

Subsidiaries are those entities over which the Company has control. Joint ventures are those entities over which the Group has joint control. Associates are those entities over which the Group has significant influence. Financial and operating policies.

Investments in subsidiaries are measured in the Company's financial statements at cost, and are adjusted for the consolidated financial statements at the end of the period. Investments in joint ventures and associates are accounted for using the equity method.

Notes to the Financial Statements

109

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

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 exercise of the investee's power to direct the financial and operating policies of the investee and the ability to affect the amount of the investee's returns.

Joint control is the sharing of control over an arrangement according to the agreement, and either party has the decision-making power over the arrangement. It is the unanimous consent of the parties having control.

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

(4) Method of impairment testing and measuring

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

13. INVESTMENT PROPERTIES

Investment properties, including land held for development, buildings held for lease or leasehold and buildings held for sale, are being recognized at cost less depreciation, amortization and impairment losses. Subsequent expenditure incurred in relation to investment properties are included in the cost of the investment properties when it is probable that the associated economic benefits will flow to the Group and their cost can be reliably measured; otherwise, the expenditure is recognized in profit or loss in the period in which the asset is incurred.

The Group adopts the fair value method to determine the investment properties and doesn't provide depreciation or amortization. The carrying amount of investment properties is adjusted based on the fair value at the balance sheet date, and the difference between the fair value and the original carrying amount is recognized in profit or loss in the current period.

When an investment property is transferred to or from investment property, it is classified as investment property if the transferor's intention is to hold it for the long term and the difference between the fair value and the original carrying amount of the investment property is recognized in profit or loss in the current period. When an investment property is transferred from investment property to investment property, the carrying amount is determined as the fair value at the date of the transfer. If the fair value at the date of the transfer is lower than the original carrying amount of the investment property, the difference is recognized in profit or loss in the current period; otherwise, it is included in other comprehensive income.

An investment property is derecognized when the investment property is sold or otherwise disposed of. The net amount of proceeds from sale, transfer, impairment damage of an investment property net of carrying amount and related taxes and other expenses is recognized in profit or loss in the current period.

110 Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text has primary reference)

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

14. Fixed assets

(1) Recognition

Fixed assets are those tangible assets held by the Group for use in the production of goods, supply of services, for rental, for sale and administrative purposes with an expected useful life.

The cost of a purchased fixed asset comprises the purchase price, related taxes, and an directly attributable expenditure in bringing the asset to the condition in which it is intended to be used. The cost of self-constructed assets is measured in accordance with the applicable provisions in NEIL.15.

When assets of an item of fixed assets have different useful lives to provide benefits to the Group in different areas, it is necessary to separate the different depreciable assets into separate items of fixed assets.

The book value including the cost of replacing a part of an item of fixed assets is depreciated in the carrying amount of the item if the replacement part is separately identifiable, and the carrying amount of the replaced part is depreciated. The cost of the day-to-day servicing of fixed assets is depreciated in profit or loss.

Fixed assets are valued in the balance sheet at the accumulated depreciation and impairment losses.

(2) Depreciation

Fixed assets are depreciated using the straight-line method, unless the carrying amount of the asset is higher than the recoverable amount of the asset, in which case the carrying amount of the asset is reduced to the recoverable amount (see NEIL.28). For the fixed assets that have been provided for impairment loss, the related depreciation charge is reversed if determined based on the adjusted carrying amount of the remaining useful life. The recoverable amount of the asset, the residual value and depreciation are for each class of fixed assets as follows:

Classes	Residual Period (years)	Depreciation value rate (%)	Depreciation rate (%)
Plant and building	20-30	10%	3-4.5%
Machine and equipment	10-12	10%	7.5-9%
Office and household items	3-5	10%	18-30%
Motor vehicle	5	10%	18%
Truck, lorry	50	10%	1.8%
Offshore engineering equipment	15-30	10%	3-6%

Useful life, residual value and depreciation method are reviewed at least once each year-end.

Notes to the Financial Statements

111

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

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

14. Fixed assets (Continued)

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

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

For the identification and measurement of fixed assets held under a finance lease, refer to Note II.27(3).

(5) Disposal

A fixed asset is deemed to be disposed when the economic benefits are expected to be realized from its disposal. The amount of proceeds from disposal is net of disposal costs, including taxes and related expenses, and the net amount is recognized in profit or loss for the period.

15. Construction in progress

Construction in progress is measured at actual cost. The cost of self-constructed assets includes the cost of materials, direct labor, capitalized borrowing costs (see Note II.16), and an amount for directly attributable borrowing costs incurred in the period.

A self-constructed asset is included in construction in progress before it is ready for use when it is ready for use in the period. No depreciation is provided against construction in progress. Construction in progress is included in the balance sheet at the end of the period (see Note II.20).

16. Borrowing costs

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

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

During the capitalization period, the amount of interest (including amortization of financial instrument premium) capitalized shall be calculated in each accounting period determined as follows:

When funds are borrowed specifically for the acquisition, construction or production of qualifying assets, the amount of interest capitalized shall be calculated in each period as the difference between the interest incurred and the interest income earned from the investment of the borrowed funds during the period when the funds are being used for the asset.

When funds are borrowed generally and used for the acquisition, construction or production of qualifying assets, the amount of interest capitalized shall be determined on a basis of the weighted average of the amount of funds raised during the period. The capitalization rate shall be the weighted average of the interest rate applicable to the general borrowings.

Notes to the Financial Statements

113

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

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

17.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

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

18. Goodwill

Goodwill is the excess of the purchase price over the identifiable intangible assets in the fair value of the identifiable intangible assets and the identifiable intangible assets in the combination in the long-term intangible assets.

Goodwill is amortised and is a depreciable asset accumulated impairment loss (see Note II.20). On disposal of an intangible asset combination, an identifiable intangible asset is charged to goodwill and included in the calculation of the disposal result.

19. Long-term prepaid expenses

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

The amortisation period is as follows:

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

20. Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite life and long-term investments in subsidiaries, joint ventures and associates are tested for impairment if there is an indication that the asset may be impaired at the balance sheet date. If there is an indication that the asset may be impaired, an impairment test is performed. An impairment test is performed by comparing the carrying amount of the asset with its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the value in use of the asset. Recoverable amount is determined and recognized in the individual asset. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a cash-generating unit to which the asset belongs is determined. A cash-generating unit is the smallest group of assets that is identifiable and generates cash inflows.

Goodwill is also tested for impairment in the financial statements of the annual financial statements, irrespective of whether there is an indication that it may be impaired. In conducting the test, the carrying amount of goodwill is included in the carrying amount of the cash-generating unit, which is tested for impairment. If there is an indication that the asset may be impaired, an impairment test is performed. An impairment test is performed by comparing the carrying amount of the cash-generating unit with its recoverable amount. The recoverable amount is the higher of the cash-generating unit's fair value less costs to sell and the value in use of the cash-generating unit. Recoverable amount is determined and recognized in the cash-generating unit. If it is not possible to estimate the recoverable amount of a cash-generating unit, the recoverable amount of the cash-generating unit to which the asset belongs is determined. A cash-generating unit is the smallest group of assets that is identifiable and generates cash inflows.

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

Notes to the Financial Statements

115

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

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

21. Provisions and contingent liabilities

Provisions for doubtful debts, net of certain expected recoveries when the Group has a reasonable belief that a probable future economic benefit will be realized from the provision, and the amount of the provision can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors including a contingent asset, likelihood, uncertainty and the time value of money, are taken into account 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 flows. The increase in the discounted amount of the provision arising from a change in estimate is recognized as an expense.

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

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

In estimating a probable liability arising from a contingent asset, the evidence will not be confirmed by the occurrence or non-occurrence of future events. A contingent liability arising from a contingent asset, however, is not probable as the elements of the liability will cause an outflow of economic benefits, the amount of the outflow cannot be estimated reliably, the liability is not a present obligation or liability.

22. Share-based payments

(1) Classification

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

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

Fair value of stock options is estimated based on binomial lattice model. Certain assumptions of the stock options are made in the calculation of the fair value. And the binomial lattice model includes the main features of the options. The following factors are taken into account when using the binomial lattice model: (1) exercise price of the option; (2) exercise period; (3) conversion price of the stock; (4) expected future cash flows; (5) expected dividend of the stock; (6) risk-free rate within the option term.

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

At each balance sheet date during the exercise period, the Group makes the best estimate according to the latest information of the non-vested employees who are granted the share-based payments and the non-vested employees who are expected to leave. On the exercise date, the estimate shall be equal to the non-vested employees who have ultimately exercised.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has priority in case of discrepancy)

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

22. Share-based payments (Continued)

(4) Accounting treatment for share-based payment

(i) Share-based payment with service condition

When the Group has granted the rights in connection with the service received from the employees, the amount measured at the fair value of the rights in connection with the employee at the grant date. If the rights in connection with the employee are immediately exercisable, the fair value of the rights in connection with the employee, recognized at the grant date, is the cash ending increase in capital reserve. If the rights in connection with the employee do not become exercisable until the achievement of the specified performance condition, the Group, at each balance sheet date during the vesting period, makes the best estimate according to the latest information of the number of employees who are expected to exercise the rights in connection with the employee. Based on the best estimate, the Group recognizes the service received from the employees at the grant date as an amount equal to the fair value of the rights in connection with the grant date.

(ii) Share-based payment with performance condition

When the Group receives the service from employees by incurring a liability, the amount of the liability has been determined based on the service received from the employees. When the service received from employees is measured at the fair value of the liability incurred. If the liability is not immediately exercisable, the fair value of the liability is measured at the grant date. If the liability is not immediately exercisable until the achievement of the specified performance condition, the Group, at each balance sheet date during the vesting period, recognizes the service received from the employees at the grant date as an amount equal to the fair value of the liability based on the best estimate of the service received.

23. Revenue recognition

Revenue is the gross inflow of economic benefits in the period arising in the course of the Group's ordinary activities when the inflow results in an increase in the company's economic resources. Revenue is recognized in profit or loss when it is probable that the economic benefits will flow to the Group, the amount and cost can be measured reliably and the following conditions are met:

(1) Sale of goods

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

- The significant risks and rewards of ownership have been transferred to the buyer;
- The Group retains neither continuing managerial involvement nor control over the goods sold.

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

Notes to the Financial Statements

117

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

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

23. Revenue recognition (Continued)

(1) Sale of goods (Continued)

The Group recognizes revenue after receipt of acceptance certificate from customer.

Sale of used and new vehicle are divided in sale of domestic vehicle and sale of foreign vehicle. As for sale of domestic vehicle, the Group recognizes revenue after customer has accepted the vehicle. As for sale of foreign vehicle, the Group recognizes revenue after vehicle has been delivered to specified consignee by the customer and confirmed.

The Group recognizes revenue when the exchange and settlement is finalized. When the customer is identified in advance before completion, the revenue is recognized only when the construction is completed and delivered to the buyer. The delivery and installation are completed before the revenue is recognized and advance from customer.

(2) Revenue from construction contracts

When the construction contract can be estimated reliably, construction revenue and construction expense are recognized in the construction contract as recognized at the balance sheet date using the percentage of completion method.

The percentage of completion is determined based on the completion of physical work in the construction contract.

When the construction contract cannot be estimated reliably:

- If the construction contract can be completed, revenue is recognized when the construction contract is completed and can be completed, and the construction contract is recognized as construction revenue when completed;
- If the construction contract cannot be completed, the construction contract is recognized as construction revenue immediately when completed, and no construction revenue is recognized.

Construction contract revenue includes initial revenue, delayed construction and increased amount generated by construction contract.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

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

23. Revenue recognition (Continued)

(2) Revenue from construction contracts (Continued)

Increased amount can be recognized as construction revenue when the following conditions are met and satisfied:

(c) Client acceptance and confirmation the increased amount generated by construction revenue;

(d) Increased amount can be reliably measured.

Construction contract liability is recognized when estimated total construction contract exceeds construction revenue. Provision should be made for construction contract liability and changed in profit and loss for the period.

(3) Rendering of services

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

At the balance sheet date, the contract may be an action in relation to the rendering of service can be estimated liability, when the rendering of service is recognized by reference to the age of contract in relation to the age of the contract.

When contract rendering of service cannot be estimated liability, if the contract incurred are expected to be recoverable, when the amount recognized the contract incurred has been expected to be recoverable, and an estimated amount is charged to profit and loss for the period; if the contract incurred are not expected to be recoverable, the contract incurred are recognized in profit and loss for the period when the service is recognized.

Freight agency, when the amount recognized at the historical date (e.g.) the actual date (implied). A land freight agency, when the amount recognized is based on the specified date. Freight agency: when the amount recognized at the historical date.

Notes to the Financial Statements

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

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

24. Employee benefits

Employee benefits include all kinds of allowances and compensation paid by the Group for services rendered by employees of the main and subsidiary companies, which mainly include short-term wages, pension benefits and main and subsidiary employee benefits.

(1) short-term wages

Short-term wages include wages, salaries, bonuses, allowances and subsidies, staff welfare, medical insurance, injury insurance, maternity insurance, housing fund, labor insurance fund, employee education fund and short-term aid allowance and etc. All short-term wages are recognized as liabilities in the period when the employee renders services and are charged in profit or loss calculated in accordance with the relevant provisions of the accounting standards.

(2) pension benefits

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

B. Employee pension insurance

The Group's employee pension insurance is included in the basic pension insurance plan and implemented by local labor and social security agencies. The Group paid the basic pension insurance premium in accordance with the relevant provisions of the local regulations. After retirement, local labor and social security agencies are responsible for paying the pension benefits to the retired employees. The amount of pension insurance payable is calculated according to the applicable regulations and recognized as liabilities during the period when the employee renders services and are charged in profit or loss calculated in accordance with the relevant provisions of the accounting standards.

(3) Enterprise annuities plan

The Group provides compensation for the main and subsidiary companies before the retirement of employees in accordance with the relevant provisions of the local regulations. In addition, which is recognized as a liability and charged in profit or loss when the Group is obliged to pay all the amounts to the main and subsidiary companies. The compensation for the main and subsidiary companies is recognized.

The Enterprise annuity plan is a defined contribution plan. The balance sheet reflects the defined contribution liability.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

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

25. Government grants

Government grants are an fee from non-related parties from the government and the Governmental aid, including refund of tax and financial subsidies, etc.

Government grants are recognized when the conditions attached to it can be complied with and the government grant can be received. If a government grant in the form of an fee from non-related parties, the grant is measured at the amount received or receivable. For a government grant in the form of an fee from non-related parties, it is measured at fair value; if the fair value is not reliably determinable; the grant is measured at nominal amount.

Government grants related to the development of intangible assets are recognized when the government grant is received. Government grants related to the development of intangible assets are recognized when the government grant is received.

Government grants related to the development of intangible assets are recognized by deducting the grant in arriving at the carrying amount of the asset. A deferred income, and amortized over the useful life of the asset. For government grants related to the development of intangible assets, the government grant is recognized at the time of receipt, and included in the carrying amount of the asset. For government grants related to the development of intangible assets, the government grant is recognized at the time of receipt, and included in the carrying amount of the asset. For government grants related to the development of intangible assets, the government grant is recognized at the time of receipt, and included in the carrying amount of the asset.

For government grants related to the development of intangible assets, the actual amount received is recognized at the initial carrying amount of the asset, and the amount of the grant is calculated based on the initial and the actual amount of the asset. The amount of the grant is calculated based on the initial and the actual amount of the asset.

26. Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities are determined based on the difference between the carrying amount of the asset and the tax base, which include the deductible loss and the credit carry forward benefits. Deferred tax assets are recognized when it is probable that the taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is recognized for the temporary differences arising from the initial recognition of the asset and liability in an acquisition in a business combination and has affected the accounting profit or loss (if any). No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill.

At the balance sheet date, the amount of deferred tax recognized is measured based on the enacted tax rates and the tax base of the asset and liability, and the amount of the tax is calculated based on the enacted tax rates and the tax base of the asset and liability.

Notes to the Financial Statements

For the period ended from 1 Jan and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text and Chinese Text are for Reference Only)

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 each balance sheet date. The carrying amount of a deferred tax asset is reduced where there is no longer sufficient taxable profits which will be available to all the benefits of the deferred tax asset be utilized. Such reduction is reversed where there is become sufficient taxable profits will be available.

Deferred tax liabilities are recognized from a difference arising from income tax in subsidiary, associate and joint venture, except where the Group is able to control the timing of the reversal of the difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary difference arising from income tax in subsidiary, associate and joint venture will be reversed in the foreseeable future and has the available profits will be available in the future again which the temporary difference can be utilized, the corresponding deferred tax asset are recognized.

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

- the available income has a legal enforceable right to offset against a liability;
- and
- the related income is related to the same tax authority in which the available income; difference available income which is related to the same tax authority and a net balance, realized the available and related liabilities in the same period, in each field in which significant amount of deferred tax liabilities are recognized be related.

27. Operating and finance leases

A lease is classified as a finance lease unless it is a operating lease. A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, irrespective of whether the legal title has been transferred. An operating lease is a lease that is not a finance lease.

(1) Assets acquired under operating leases

Rental amounts under operating lease are recognized as expense in a straight-line basis over the lease term.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

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). Improvements are provided for in accordance with the accounting policies described in Note II.20. Operating leased assets under operating leases are amortized using the straight-line method. Income derived from operating leases is recognized in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the leased asset are material, they are initially capitalized and then amortized in proportion to the lease term on the same basis as the lease income. Otherwise, they 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 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 allocated to long-term liabilities. The difference between the value of the leased asset and the minimum lease payments is recognized as unrecognized finance charge. Initial direct costs for a leaseable asset are added to the amount recognized for the leased asset. Depreciation and improvements are accounted for in accordance with the accounting policies described in Note II.14(2) and II.20, respectively.

If the depreciable asset has a useful life shorter than the lease term, the leased asset is depreciated over its useful life. Otherwise, the leased asset is depreciated over the shorter of the lease term and its useful life.

Unrecognized finance charge under finance lease is amortized using an effective interest method over the lease term. The amount is recognized in accordance with the applicable financial reporting standards (see Note II.16).

The balance sheet data, long-term liabilities arising from finance lease, net of the unrecognized finance charge, are presented as long-term liabilities on non-current liabilities disclosed within the equity section, in the balance sheet.

Notes to the Financial Statements

123

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

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

27. Operating and finance leases (Continued)

(4) Assets leased out under finance leases

At the commencement of the lease term, the Group recognizes the aggregate of the minimum lease payments determined at the inception of a lease and the initial direct costs of a finance lease receivable. The difference between the aggregate of the minimum lease payments, the initial direct costs, and the aggregate of the interest on the related receivable is recognized as a netted finance income.

Netted finance income is all called each accounting period during the lease term using the effective interest method. At the balance sheet date, finance lease receivable, net of netted finance income, are presented as long-term receivable on non-current assets side in the balance sheet. Please refer to Note 11.9 for accounting policies on the derecognition and impairment of finance lease receivable.

28. Assets held for sale and discontinued operation

An non-current asset is classified as held for sale when meet the following criteria: i. The asset (or disposal group) must be available for immediate sale in its present condition subject to any minor adjustments; ii. A non-cancellable sales agreement has been signed with the buyer, the disposal plan has been approved and the buyer is expected to complete the purchase.

Non-current asset held for sale (excluding financial assets, in essence, are measured at fair value and deferred tax assets) are measured at the lower of carrying amount and net realizable value. Any excess of the carrying amount over the net realizable value is recognized as an impairment loss.

Assets and liabilities of a non-current asset disposal group which is classified as held for sale are classified as current assets and current liabilities, which are 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 disposal and financial reporting of the discontinued operation can be clearly distinguished from the rest of the group and can meet the following criteria: (a) This component of the business is a major line of business or geographic area of operation; (b) This component of the business is a financially independent and identifiable major line of business or geographic area of operation; (c) This component of the business is a business activity that is identifiable as a separate operation.

The Group shall disclose separately for the year the discontinued operation disclosed in the statement of comprehensive income comprising the following: the loss or gain of discontinued operation and the loss or gain of the measurement of the discontinued operation fair value less cost to sell.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has priority over Chinese Text)

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

29. Hedge accounting

Hedge accounting is a method which recognizes the offsetting effect of fair value and cash flow of the hedging instrument and the hedged item on changes in fair value in the same accounting period.

Hedged item and the item has the same risk of change in fair value of cash flow and has a designated as being hedged. The Group's hedged item include a forecasted transaction has the related amount of foreign currency and the Group's foreign currency risk.

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

The hedge is a qualified by the Group's effectiveness in an ongoing basis and judged the hedge has been highly effective through the accounting period for which the hedging relationship is designated. A hedge is regarded as highly effective if both the following conditions are satisfied:

1. The inception and in substance period, the hedge is expected to be highly effective in achieving offsetting change in fair value of cash flow attributable to the hedged risk during the period for which the hedge is designated;

2. The actual offsetting is in a range of 80% - 125%.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The change in the gain or loss on the hedging instrument has been determined to be an effective hedge recognized directly in the other comprehensive income. The effective change is adjusted to the effective foreign exchange in the amount:

1. The cumulative gain or loss on the hedging instrument from inception of the hedge;

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

The change in the gain or loss on the hedging instrument has been determined to be an ineffective hedge recognized in the profit or loss.

If a hedge of a forecasted transaction becomes ineffective in the recognition of a non-financial asset or non-financial liability, the accumulated gain or loss from the hedge is recognized in the profit or loss in the same period during which the financial asset or financial liability affected is recognized. However, if the Group's effective hedge is all or a portion of the recognized directly in the other comprehensive income will not be recognized in the accounting period, it is classified in the profit or loss the amount has not been expected to be recognized.

Notes to the Financial Statements

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

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

29. Hedge accounting (Continued)

Cash flow hedges (Continued)

If a hedge of a forecasted transaction becomes ineffective in the recognition of a financial asset or a financial liability, the accumulated gain or loss is reclassified from equity and recognized in profit or loss in the same period during which the financial asset or financial liability affected profit or loss. However, if the hedge becomes effective again in a future period, the accumulated gain or loss will not be reclassified in future accounting periods, it is classified in profit or loss when the amount is reclassified.

For cash flow hedge, when the hedge becomes ineffective, the accumulated gain or loss is reclassified from equity and recognized in profit or loss in the same period during which the hedged forecasted transaction affected profit or loss.

When a hedging instrument is terminated, expires, or the hedge no longer meets the criteria for hedge accounting, the gain or loss will be recognized in the hedge accounting period. In this case, the gain or loss on the hedging instrument has remained recognized in equity from the period when the hedge was effective until it is reclassified in profit or loss and recognized in accordance with the applicable accounting standards. If the forecasted transaction is no longer expected to occur, the gain or loss on the hedging instrument has remained recognized in equity from the period when the hedge was effective until it is reclassified immediately.

30. Dividend distribution

Cash dividend is recognized as a liability for the dividend which the dividend is accrued by the shareholders meeting.

Dividend distribution is provided in the financial statements which will be approved and declared after the balance sheet date, and recognized as a liability at the balance sheet date disclosed in the financial statements.

31. Related parties

If a party has the ability, directly or indirectly, to exercise significant influence over the company, or vice versa, the relationship is a related party relationship. Related parties may be individual persons or entities. Entities in which the Company is a significant shareholder and has a significant influence over the company are also related parties of the Company. Related parties of the Company and the Company include, but are not limited to:

- (a) the Company's parent;
- (b) the Company's subsidiary;
- (c) entities having a controlling interest in the Company's parent;

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

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

31. Related parties (Continued)

- (d) in the past has had a significant influence over the Group;
- (e) an associate individual if a shareholder, joint controller or substantial shareholder and the Group;
- (f) joint ventures of the Group, including subsidiary joint ventures;
- (g) associates of the Group, including subsidiary associates;
- (h) principal individual in the past and close family members of such individual;
- (i) key management personnel of the Group and close family members of such individual;
- (j) key management personnel of the Company's parent and close family members of such individual;
- (k) close family members of key management personnel of the Company's parent; and
- (l) the associate has controlled or jointly controlled by principal individual in the past, key management personnel of the Group, and close family members of such individual.

Being the related parties as defined above determined in accordance with the provisions of CAS, the following associate and individual are controlled or jointly controlled (or related parties based on the disclosure provisions of Administrative Procedures on the Information Disclosure of Listed Companies issued by the CSRC:

- (m) an associate's shareholding accounts for 5% of the Company's share;
- (n) individual and close family members of such individual hold 5% of the Company's share, or jointly controlled company and their close family members;
- (o) an associate has a financial relationship in (a), (c) and (m) during the past 12 months or will have a financial relationship in the next 12 months or an agreement;
- (p) individual has a financial relationship in (i), (j) and (n) during the past 12 months or will have a financial relationship in the next 12 months or an agreement; and
- (q) an associate, the Company and subsidiary controlled by the Company, which are controlled or jointly controlled by an individual defined in (i), (j), (n) or (p), in which such an individual also has a financial relationship.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text and Chinese Text are equally authoritative)

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

32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management reporting and internal performance evaluation. An operating segment is a component of the Group that has discrete financial information:

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

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

- the nature of each product and service;
- the nature of production processes;
- the classification of the product and service;
- the methods used to distribute the product and provide the service;
- the legal and regulatory environment in manufacturing product and providing service.

In segments where there are material differences in the basic financial principles of accounting, the accounting and segment accounting policies are consistent with the consolidated financial statements.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has legal reference only)

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

33. Significant changes in accounting policy

- (1) On 10 March 2017, the Ministry of Finance issued the Notice on Implementing the Revised Accounting Standards for Business Enterprises No. 16, Government Grants (Cai Kai [2017] No. 15) effective the Accounting Standards for Business Enterprises No. 16, Government Grants, which came into force on 12 June 2017. For the period from 1 January to 30 June 2017, the company adopted the amended accounting standards for the interim financial statements. The impact of the change in accounting policies on financial statements for the period is as follows:

Contents and reasons for the change	Impacted items on financial statement	Impacted amount for the period from 1 January to 30 June 2017
The government grants relating to the daily activities of the enterprise shall be included in the income based on the nature of economic business; the government grants relating to the daily activities of the enterprise shall be included in non-recurring income and expenses. For government grants received as at 1 January 2017, the retrospective application method shall be applied, and future government grants incurred from 1 January 2017 shall be dealt with in accordance with the standards which the standards came into force, adjustments shall be made according to the standards. The comparative financial statements for the period from January to June 2016 were not affected.	Other income Non-recurring income	91,032 (91,032)

- (2) On 28 April 2017, the Ministry of Finance issued the Notice on the Amendment of the Accounting Standards for Business Enterprises No. 42, Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations (Cai Kai [2017] No. 13), which became effective from 1 January 2017. For the period from 1 January to 30 June 2017, the company adopted the amended accounting standards for the interim financial statements. The impact of the change in accounting policies on financial statements for the period is as follows:

Notes to the Financial Statements

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

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

34. Critical accounting estimates and judgements

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

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

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

34. Critical accounting estimates and judgements (Continued)

(3) Impairment of long-term assets

As described in Note II.20, long-term assets are reviewed at each balance sheet date to determine whether the recoverable amount of the asset is less than carrying amount. If an indication has been identified that the carrying amount of the asset may be higher than its recoverable amount, the asset is deemed to have been impaired and an impairment loss is recognized.

The recoverable amount of an asset (or cash generating unit) is the greater of its fair value less costs of disposal and its value in use. Since a market price for the asset (or cash generating unit) cannot be obtained, the fair value of the asset (or cash generating unit) cannot be determined. In determining the value in use, significant judgements are exercised over the asset's cash flows, discounting rate, related operating expenses and discounting rate calculation. All relevant market data which can be obtained are used to estimate the recoverable amount, including the estimate of the cash flows and discounting rate and related operating expenses based on reasonable and supportable assumptions.

If the management identified the gross profit margin used in the cash flow calculation of the asset (or cash generating unit) and the identified gross profit margin is lower than the gross profit margin concerned, the Group is required to make adjustments to long-term assets.

If the management identified the discount rate applied to the cash flow discount and the identified discount rate is higher than the discount rate concerned, the Group is required to make adjustments to long-term assets.

If the actual gross profit margin discount rate is higher than the management's estimate, the Group cannot determine the recognized adjustments to long-term assets.

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

As described in Note II.14 and 17, fixed assets and intangible assets are depreciated and amortized on a straight-line basis over their useful lives in accordance with the accounting policy. The useful life of the asset is determined based on the depreciation and amortization rates charged in each reporting period. The useful life of the asset is determined based on historical experience of similar assets and the estimated technical change. If there has been a significant change in the factors used to determine the depreciation and amortization, the depreciation and amortization rates are revised.

Notes to the Financial Statements

131

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

II.

Notes to the Financial Statements

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

III. TAXATION

1. Main taxes categories and rates

Types of tax	Tax basis	Tax rate
Value added tax (VAT)(a)	The VAT calculated based on taxable income from sale of goods and rendering services, after deducting the deductible VAT for the period, is VAT taxable	

Notes to the Financial Statements

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

III. TAXATION (CONTINUED)

2. Preferential tax treatments

The following table has been included to explain the preferential tax treatments available:

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
1	Nanning CIMC Special Tanning and Printing Manufacturing Co., Ltd.	25%	15%	Company became recognized a high-tech enterprise in 2015 and led 15% preferential rate
2	Xinhuo CIMC Special Tanning Printing Co., Ltd.	25%	15%	Company became recognized a high-tech enterprise in 2016 and led 15% preferential rate
3	Yanghe Rongliang Logistic Printing Co., Ltd.	25%	15%	Recognized a high-tech enterprise, in 2014 and led 15% preferential rate
4	Yanghe Tonglee Reefers Container Co., Ltd.	25%	15%	Recognized a high-tech enterprise, in 2015 and led 15% preferential rate
5	Hunan CIMC Bamboo Development Co., Ltd.	25%	15%	Recognized a high-tech enterprise, in 2016 and led 15% preferential rate
6	Dalian CIMC Logistic Printing Co., Ltd.	25%	15%	Company became recognized a high-tech enterprise in 2014 and led 15% preferential rate
7	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Company became recognized a high-tech enterprise in 2014 and led 15% preferential rate
8	Yanghe CIMC Tonghua Special Vehicle Co., Ltd.	25%	15%	Company became recognized a high-tech enterprise in 2014 and led 15% preferential rate
9	Zhuzhidian CIMC Hainan Co., Ltd.	25%	15%	Company became recognized a high-tech enterprise in 2015 and led 15% preferential rate
10	Wuhan CIMC Jiangxi Automobile Co., Ltd.	25%	15%	Recognized a high-tech enterprise, in 2014 and led 15% preferential rate
11	Liang CIMC Lingxi Automobile Co., Ltd.	25%	15%	Recognized a high-tech enterprise, in 2016 and led 15% preferential rate
12	Zhangjiagang CIMC Sanchuan Genetic Printing Machine Co., Ltd.	25%	15%	Company became recognized a high-tech enterprise in 2014 and led 15% preferential rate
13	Enlic (Bengbu) Chemical Co., Ltd.	25%	15%	Company became recognized a high-tech enterprise in 2014 and led 15% preferential rate

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

III. TAXATION (CONTINUED)

2. Preferential tax treatments (Continued)

	Name of enterprises	Local statutory tax rate	Preferential rate	Reasons
14	Shijia Heng Enric Ga Eri men Co., Ltd.	25%	15%	Company is recognized as a high-tech enterprise in 2014 and led 15% preferential rate
15	Enric (Langfang) Energy Eri men Inegain Co., Ltd.	25%	15%	Company is recognized as a high-tech enterprise in 2015 and led 15% preferential rate
16	Jingmen Heng Special Aircraft Manufacturing Co., Ltd.	25%	15%	Company is recognized as a high-tech enterprise in 2015 and led 15% preferential rate
17	Nanxing CIMC Tank Eri men Co., Ltd.	25%	15%	Company is recognized as a high-tech enterprise in 2015 and led 15% preferential rate
18	Liaoning CIMC Haoheng Ga Lihefacin Plan Co., Ltd.	25%	15%	Company is recognized as a high-tech enterprise in 2015 and led 15% preferential rate
19	Nanxing CIMC Energy Eri men Co., Ltd.	25%	15%	Company is recognized as a high-tech enterprise in 2014 and led 15% preferential rate
20	Ziemann Heilaka Asia Co., Ltd.	25%	15%	Recognized as a high-tech enterprise, in 2016 and led 15% preferential rate
21	Shenhen CIMC Tianda Aircraft Systems Co., Ltd.	25%	15%	Company is recognized as a high-tech enterprise in 2014 and led 15% preferential rate
22	Xinfa Aircraft Eri men Ltd.	25%	15%	Recognized as a high-tech enterprise, in 2015 and led 15% preferential rate
23	Shenhen CIMC Tianda Logistic System Engineering Co., Ltd.	25%	15%	Recognized as a high-tech enterprise, in 2016 and led 15% preferential rate
24	Shenhen CIMC Intelligent Technology Co., Ltd.	25%	15%	Company is recognized as a high-tech enterprise in 2014 and led 15% preferential rate

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has legal reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets at fair value through profit or loss

(1) Classification

	Note	30 June 2017	31 December 2016
Current Portion			
1. Investments in equity instruments held for trading			
- Listed companies	(3)	180,357	138,072
2. Derivative financial assets			
- Forward foreign exchange contracts	(4)	1,759	1,782
- Commodity contracts	(5)	609	
3. Hedging Instruments		4,392	1,306
Total		187,117	141,160
Non-current Portion			
Derivative financial assets			
- Interest rate swap	(6)	249,034	325,187
Total		249,034	325,187

(2) As at 30 June 2017, there is no material restriction of the investment in financial assets at fair value through profit or loss.

Notes to the Financial Statements

137

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

(4) Forward foreign exchange contracts

As at 30 June 2017, the Group had certain net forward contracts, mainly denominated in US dollar, Japanese Yen, Great Britain Pound and Euro. The nominal value of the net contracts amounted to US dollar (USD) 33,500,000, Japanese Yen (JPY) 696,890,000, Great Britain Pound (GBP) 6,500,000 and Euro (EUR) 11,500,000, respectively. Pursuant to the forward contracts, the Group agreed to buy / sell foreign currencies, such as USD, Japanese Yen, Great Britain Pound, Euro for contracted nominal value at agreed rate in exchange of RMB at the contract settlement date. The forward contracts will be settled net on the basis of making the market rate at the settlement date and the agreed rate. The settlement date of the forward contracts range from 10 July 2017 and 16 August 2018.

(5) Currency swap contracts

As at 30 June 2017, the Group had 5 net currency swap contracts denominated in US dollar and Yuan (RMB). The initial nominal value of the net contracts amounted to USD15,000,000 and RMB52,847,000. The net contracts will mature on 25 September 2017, 20 December 2017, 20 December 2017, 20 December 2017, 20 December 2017, respectively. As at 30 June 2017, the fair value of the net currency swap contracts amounted to RMB333,000, which included a debit and recognized a financial asset at fair value through profit and financial liability at fair value through profit and loss. Transaction net realisation have not been considered when calculating the fair value.

(6) Interest swap contracts

As at 30 June 2017, the Group had 19 net interest swap contracts denominated in US dollar, with a nominal value amounting to USD1,453,802,000, and a fair value of RMB247,296,000. The settlement date of the forward interest swap contracts range from 1 January 2019 to 28 June 2021.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has legal reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable

(1) Classification of Notes receivable

	30 June 2017	31 December 2016
Bank acceptance note	990,955	1,374,487
Trade acceptance note	105,295	161,704
Total	1,096,250	1,536,191

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

No amount of the above has been held by the Group. The carrying amount of the Company included in the above balance of bill receivable.

(2) As at 30 June 2017, pledged notes receivable of the group are as follows:

	30 June 2017
Bank acceptance note	77,953

(3) As at 30 June 2017, there was amount transferred from notes to accounts receivable due to failure of performance by the issuers (31 December 2016: 0.2 million).

(4) As at 30 June 2017, outstanding notes receivable endorsed by the Group are as follows:

	Derecognised	Not Derecognised
Bank acceptance note	1,266,791	178,447
Trade acceptance note	5,960	-
Total	1,272,751	178,447

Notes to the Financial Statements

139

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable

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

	30 June 2017	31 December 2016
Consumer	6,265,003	2,540,433
Transportation vehicle	3,278,726	2,396,644
Energy, chemical and liquid feed items	3,304,160	3,220,025
Offshore engineering	587,228	244,655
Air facilities	966,932	1,255,195
Logistics service	1,160,930	1,159,172
Healthcare	802,413	769,250
Others	652,359	569,937
Subtotal	17,017,751	12,155,311
Less: provision for doubtful debts	(646,733)	(629,236)
Total	16,371,018	11,526,075

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

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

As at 30 June 2017 and 31 December 2016, the Group has no material aged receivable with impairment.

The aging is calculated from the date that the receivable is recognized.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

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

	30 June 2017				31 December 2016			
	Book balance		Provision for doubtful debts		Book balance		Provision for doubtful debts	
	Amount	% of total balance	Amount	Ratio(%)	Amount	% of total balance	Amount	Ratio(%)
Accounts receivable in individual aged for the individual significant (4)	4,036,854	23.72%	151,090	3.74%	2,987,769	24.58%	142,565	4.77%
Accounts receivable in individual aged for the individual small (5)	487,571	2.87%	63,238	12.97%	599,213	4.93%	63,181	10.54%
Provision for doubtful debts classified as:								
Container	4,809,768	28.26%	15,176	0.32%	1,733,265	14.26%	14,762	0.85%
Container vehicle	2,256,230	13.26%	91,326	4.05%	1,315,102	10.82%	100,810	7.67%
Energy, chemical and related items	2,918,218	17.15%	205,248	7.03%	2,911,678	23.95%	201,187	6.91%
Gas facilities	677,157	3.98%	53,027	7.83%	944,708	7.77%	54,025	5.72%
Logistics	1,010,207	5.94%	37,642	3.73%	1,002,835	8.25%	34,573	3.45%
Health	370,019	2.17%	16,600	4.49%	303,664	2.50%	6,020	1.98%
Other	451,727	2.65%	13,386	2.96%	357,077	2.94%	12,113	3.39%
Grand total (6)	12,493,326	73.41%	432,405	3.46%	8,568,329	70.49%	423,490	4.94%
Total	17,017,751	100.00%	646,733	3.80%	12,155,311	100.00%	629,236	5.18%

Note*: This category include accounts receivable in individual aged for the individual small.

As at 30 June 2017, the Group did not hold any collateral for accounts receivable that are made in mainland.

Notes to the Financial Statements

141

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

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

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

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

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

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

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

	30 June 2017			31 December 2016		
	Book balance Amount	Provision for doubtful debts Amount	Ratio (%)	Book balance Amount	Provision for doubtful debts Amount	Ratio (%)
Within 1 year	11,361,722	103,698	0.91%	7,386,617	77,585	1.05%
1-2 years	575,783	28,053	4.87%	604,679	59,829	9.89%
2-3 years	330,333	189,392	57.33%	368,380	151,792	41.21%
Over 3 years	225,488	111,262	49.34%	208,653	134,284	64.36%
Total	12,493,326	432,405	3.46%	8,568,329	423,490	4.94%

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

(7) Reversal or recovery of provision for the period

The provision for doubtful debts for the period amounted RMB79,347,000 (For the period from 1 January 30 June 2016: RMB14,445,000), a provision for doubtful debts amounting RMB53,359,000 has been collected during the period (For the period from 1 January 30 June 2016: Nil)

(8) Accounts receivable that are written off in current period

The accounts receivable amounting RMB9,312,000 are written off in current period. (For the period from 1 January 30 June 2016: Nil).

(9) As at 30 June 2017, the five largest balances of accounts receivable are analysed as follows, accumulated by arrearage parties:

	Book balance	Provision for doubtful debts	% of total accounts receivable
Sum of the five largest accounts receivable	2,729,716		16.04%

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

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

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

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

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

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

5. Other receivables

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

	30 June 2017	31 December 2016
Receivable arising from financing related activities	550,077	873,585
Receivable from hedge capital increase / hedge capital transfer	4,265,196	4,020,057
Advance payment and financial gain (i)	1,658,985	1,658,985
Loan (ii)	473,022	1,011,616
Advance charge under lease agreement (iii)	1,020,166	999,926
Receivable from demurrage claim	28,613	572,258
Securities	823,600	663,995
Tax refund receivable	234,831	167,099
Others	900,111	960,805
Subtotal	9,954,601	10,928,326
Less: provisions and doubtful	(1,710,625)	(1,580,439)
Total	8,243,976	9,347,887

Notes to the Financial Statements

For the period ended from 1 Jan and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text in Chinese Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

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

(i) An indirect wholly-owned subsidiary of Enric and another subsidiary of the Group, CIMC Enric Investment Holding (Shenzhen) Ltd. (EIHL), entered into an agreement (Agreement) on 27 August 2015 with SOEG PTE LTD (SOEG), Jiang Pacific Shipping Group Co., Ltd. (Jiang Pacific) and Eegreen Group Co., Ltd. (Eegreen) (collectively, the Vendor), pursuant to which the Vendor agreed to sell and EIHL agreed to purchase 100% equity interest in Sin Pacific Offshore & Engineering Co., Ltd. (SOE). Afterward, the Company, SOE and Eegreen entered into a financial assistance framework agreement (Financial Assistance Agreement) which governed the financial assistance provided by the Group, SOE in the form of loan and guarantee. As at 31 June 2016, Enric announced that the Board had decided to cease and terminate the Agreement and to be fulfilled and the Vendor had breached certain material terms of the Agreement. EIHL delivered a main notice to the Vendor to terminate the Agreement and to be fulfilled of the debt of the loan and guarantee of RMB178,634,000. On the same date, the Company delivered a main notice to SOE and Eegreen to terminate the Financial Assistance Agreement and to be fulfilled of SOE's debt of RMB482,052,000 and to be fulfilled of the bank loan of RMB1,000,000,000 provided by a subsidiary of Enric, in favour of SOE.

During the second half year of 2016, the debt of RMB1,000,000,000 pledged to SOE's bank loan has been identified by the bank as SOE failed to pay the bank loan on time. As at 31 December 2017, the receivable debt from SOE amounted to RMB1,480,351,000. Based on the information available, Enric has made a provision in favour of RMB178,634,000 and RMB1,184,281,000 respectively to the Vendor and the receivable from SOE in the amount of RMB1,362,915,000 during the year ended 31 December 2016.

SOE's management has been advised by the SOE Internal and Litigation Team (the Receiver) which has advised by the PRC Court. On 5 July 2017, EIHL, SOE and the Receiver entered into a settlement agreement pursuant to which EIHL has agreed to settle the debt of RMB779,800,000. The major part of SOE's outstanding SOE's debt has been settled in the amount of RMB779,800,000. Subsequently, the settlement agreement has been signed by SOE's creditors and the Receiver in the amount of RMB779,800,000.

For the period ended 30 June 2017, based on the information available and the date of the settlement, Enric has made an impairment provision in favour of RMB105,549,000 in the receivable debt from SOE. As at 30 June 2017, Enric has made a provision in favour of RMB178,634,000 and RMB1,289,830,000 respectively to the Vendor and the receivable from SOE in the amount of RMB1,468,464,000.

(ii) The banking main balance in the bank balance sheet of the Finance Company in the amount of RMB135,488,000 which is included in 31 July 2017; and a management fee and other charges.

(iii) A receivable under the agreement main balance in the bank ledger of the Finance Company, net of the subsidiary of the Group.

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

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

The aging calculation of the date has been receivable as recognized.

As at 30 June 2017 and 31 December 2016, the Group has no other material receivable recorded in the impairment (31 December 2016: Nil).

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

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

Name	30 June 2017				31 December 2016			
	Book balance		Provision for doubtful debts		Book balance		Provision for doubtful debts	
	Amount	% of total balance	Amount	Ratio (%)	Amount	% of total balance	Amount	Ratio (%)
Other receivable in amount that are individually significant (4)	8,234,184	82.72%	1,604,552	19.49%	9,379,989	85.83%	1,503,143	16.02%
Other receivable in amount that are not individually significant	1,720,417	17.28%	106,073	6.17%	1,548,337	14.17%	77,296	4.99%
Total	9,954,601	100.00%	1,710,625	17.18%	10,928,326	100.00%	1,580,439	14.46%

The Group did not hold any collateral against the receivable in the information bad debt.

(4) As at 30 June 2017, other receivables with amounts that are individually significant:

	Book balance	Provision for doubtful debts	Ratio (%)	Reason
Receivable arising from financing related parties	490,664	-	0.00%	None
Receivable arising from commercial invoice receivables	4,119,061	-	0.00%	None
Loan	278,889	72,255	25.91%	None
Redemption from demurrage claim	1,020,166	-	0.00%	None
Advance payment for insurance and financial gain	1,658,985	1,468,464	88.52%	None
Tax refund receivable	51,531	-	0.00%	None
Other	614,888	63,833	10.38%	None
Total	8,234,184	1,604,552		

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

(5) Reversal or recovery of provision for the period

The provision for doubtful debts has ended amount RMB142,700,000 (For the period from 1 January to 30 June 2016: RMB412,354,000). A provision for doubtful debts amount RMB777,000 (For the period from 1 January to 30 June 2016: RMB68,853,000) has been reversed.

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

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

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

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

	Notes	Nature	Book balance	Aging	% of total balance	Provision for doubtful debts
Tianjin Lanhi Offshore Engineering Limited (Panhui (Tianjin Lanhi))	(i)	Receivable arising from intercompany transactions	3,575,000	within 1 year	35.91%	-
Sinacific Offshore & Engineering Co., Ltd (SOE)		Advance payment for intercompany transactions	1,658,985	within 1 year 1-2 years	16.67%	1,468,464
Zhenjiang CIMC Embellishy Real Estate Co., Ltd (Embellishy Real Estate)	(ii)	Receivable from Associates	503,568	1-3 years	5.06%	-
Changjiang Securities Company Limited		Balance due to change	299,950	within 1 year	3.01%	-
Jiuhua Securities Company Limited		Balance due to change	152,100	within 1 year	1.53%	-
Total			6,189,603		62.18%	1,468,464

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

(i) As at 23 December 2016, Qianhai CIMC Leasing (Shenzhen) Co., Ltd. (referred to as 'Qianhai Leasing'), the former subsidiary, and Tianjin Yngwang Machine Equipment Leasing Ltd (referred to as 'Tianjin Yngwang'), the former subsidiary, and Tianjin Blower signed capital increase agreements and industrial and commercial registration in a changed on 28 December 2016. As at 30 June 2017, the total bill 3.575 billion has been received. According to the contract, after the date of capital increase, Tianjin Blower shall be an annual expected earning yield for the 4.9853% from 2017-2019 which will be paid from the end of 2018. After the end, the dividend will be confirmed after the non-current liability in the amount of 487,632,000 while the difference of capital increase and the non-current liability mentioned above is accounted for.

(ii) As at 14 October 2016, 80% share of Embellishy Real Estate, the wholly-owned subsidiary of the Group, was transferred to Nanjing Gaichen Company - Garden Real Estate Development Co., Ltd (referred to as 'Garden') by the Group and the industrial and commercial registration in a changed in Shenzhen. The interest-free lending from the Group to Embellishy Real Estate was accounted in related party lending from the Group to Garden. According to the intercompany agreement, in the next 9 months after the industrial and commercial registration in Garden, Garden shall provide Embellishy Real Estate a line of credit to the Group. As at 30 June 2017, the total amount of the line of credit is RMB503,568,000.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Other receivables (Continued)

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

As at 30 June 2017 and 31 December 2016, the amount of other receivables held by shareholders holding more than 5% (including 5%) of the voting rights of the Company are included in the above balance of other receivables.

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

Company name	Relationship with the Group	30 June 2017				31 December 2016			
		Amount	Nature	% of total balance	Provision for doubtful debts	Amount	Nature	% of total balance	Provision for doubtful debts
Riny Real Estate	Associate	503,568	Funding	5.06%	-	824,391	Funding	7.54%	-
China Mechanical Design & Development Co., Ltd.	Subsidiary of significant shareholder	70,650	Transfer of equity	0.71%	-	70,650	Transfer of equity	0.65%	-
Shanghai Fengang	Associate	34,204	Funding	0.34%	-	34,204	Funding	0.31%	-
Xinang World Industry	Associate	12,305	Funding	0.12%	-	436	Funding	0.00%	-
Others		24,247		0.24%	-	16,463		0.15%	-
		644,974		6.48%	-	946,144		8.66%	-

6. Prepaid expenses

- (1) Prepaid expenses analysed by categories are as follows:

	30 June 2017	31 December 2016
Rental (including items for hire and commission)	2,519,661	2,313,829
Commission	864	553
Others	106,137	78,567
Subtotal	2,626,662	2,392,949
Less: provision for doubtful debts	(233,632)	(226,967)
Total	2,393,030	2,165,982

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Prepaid expenses (Continued)

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

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

The aging is calculated from the date that the aid expense is recognized.

Of the aid expense aged over a year, mainly the expense incurred for a major project and engineering project of the Group. Since the majority of the engineering project is all completed, the expense has not been incurred.

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

	Amount	% of total balance
Sum of the five largest arrearage parties	968,260	36.86%

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Translation of Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Prepaid expenses (Continued)

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

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

(1) Inventories are summarised by categories as follows:

	30 June 2017			31 December 2016		
	Book balance	Provision for the value of decline in inventories	Net book Value	Book balance	Provision for decline in value	Net book Value
Raw material	3,705,526	(168,780)	3,536,746	3,252,604	(163,944)	3,088,660
Work in progress	2,569,392	(27,821)	2,541,571	2,223,924	(27,978)	2,195,946
Finished goods	4,109,445	(112,544)	3,996,901	3,713,285	(125,107)	3,588,178
Construction work	212,003	(242)	211,761	113,302	(242)	113,060
Store	184,079	(4,655)	179,424	213,712	(1,538)	212,174
Leasehold intangible	40,055	(76)	39,979	35,951	(72)	35,879
Material in transit	30,731	-	30,731	22,887	-	22,887
Commodity held for sale	801,710	-	801,710	852,395	-	852,395
Prepaid expenses	1,425,597	-	1,425,597	1,400,761	-	1,400,761
Offshore engineering employees	4,718,967	(121)	4,718,846	4,658,377	(123)	4,658,254
Amortisation of intangible assets (4)	853,605	-	853,605	1,241,321	-	1,241,321
Total	18,651,110	(314,239)	18,336,871	17,728,519	(319,004)	17,409,515

As at 30 June 2017, the Group's closing balance of inventories included capitalised borrowing costs amounting to 263,341,000 (31 December 2016: 187,359,000). The interest rate is annual market rate which the borrowing cost is capitalised at 3.39% (31 December 2016: 4.07%).

As at 30 June 2017, the Group has no inventory held in transit. (31 December 2016: Nil).

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

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

	31 December 2016	Increased during the period	Decreased during the period	30 June 2017
Raw material	3,252,604	22,385,554	(21,932,632)	3,705,526
Work in progress	2,223,924	17,436,459	(17,090,991)	2,569,392
Finished goods	3,713,285	28,817,225	(28,421,065)	4,109,445
Construction work	113,302	1,299,933	(1,201,232)	212,003
Spare parts	213,712	301,210	(330,843)	184,079
Leased container	35,951	136,378	(132,274)	40,055
Material in transit	22,887	50,168	(42,324)	30,731
Completed but not yet sold	852,395	406,123	(456,808)	801,710
Pre-shipment expenses	1,400,761	240,987	(216,151)	1,425,597
Offshore engineering equipment	4,658,377	86,687	(26,097)	4,718,967
Amortised financial assets	1,241,321	4,110,882	(4,498,598)	853,605
Total	17,728,519	75,271,606	(74,349,015)	18,651,110

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

Category	31 December 2016	Increased during the period	Decreased during the period		Exchange Difference arising from translation of foreign currency	30 June 2017
			Real	Write-off		
Raw material	163,944	40,938	(39,065)	(993)	3,956	168,780
Work in progress	27,978	431	(1,575)	(435)	1,422	27,821
Finished goods	125,107	38,387	(41,076)	(10,509)	635	112,544
Construction work	242	-	-	-	-	242
Spare parts	1,538	-	(1,565)	(4,458)	9,140	4,655
Leased container	72	4	-	-	-	76
Offshore engineering equipment	123	-	-	-	(2)	121
Amortised financial assets	-	-	-	-	-	-
Total	319,004	79,760	(83,281)	(16,395)	15,151	314,239

Notes to the Financial Statements

For the period ended from 1 Jan a and ended 30 June 2017
 (All am n in RMB'000 nle he ie a ed)
 (Engli h T an la i n f e Refe ence Onl)

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 is recognized mainly for the declined fair value and the loss-making raw materials.

When the fair value of provision for decline in value of the Group's inventories during the period is as follows:

Category	Basis for provision	Reason for reversal/write-off
Raw material	The net realizable value less than the net book value	Increase in net realizable value/age
Work in progress	The net realizable value less than the net book value	Increase in net realizable value/age
Finished goods	The net realizable value less than the net book value	Increase in net realizable value/age
Construction work	The net realizable value less than the net book value	Increase in net realizable value/age
Spare parts	The net realizable value less than the net book value	Increase in net realizable value/age
Leased equipment	The net realizable value less than the net book value	Increase in net realizable value/age
Offshore engineering equipment	The net realizable value less than the net book value	Increase in net realizable value/age
Amount due from subcontractors	The net realizable value less than the net book value	Increase in net realizable value/age

(4) Amount due from customer for contract work

	30 June 2017	31 December 2016
Aggregate contract incurred and recognized due (Lease receivable)	4,138,034	6,293,908
Less: Aggregate billing received and receivable	(3,349,614)	(5,131,718)
	788,420	1,162,190
Including:		
Contract in progress in accordance with billing	853,605	1,241,321
Progress billing in accordance with contract in progress	(65,185)	(79,131)
	788,420	1,162,190

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Assets classified as available for sale

	30 June 2017			
	Book value	Fair value	Expected disposal costs	Expected disposal time
Intangible assets	26,401	26,401	-	2017
Fixed assets	92,269	115,743	6,768	2017
Intangible assets	85,177	97,563	4,614	2017
Total	203,847	239,707	11,382	

As at 11 November 2016, on behalf of the Board of Directors of the Group's subsidiary, Jidong (Qinhangda) Vehicle Manufacturing Co., Ltd., on behalf of the subsidiary of the Group, signed an irrevocable agreement with the Qinhangda Economic and Technological Development Zone Land Acquisition and Release Center to sell the fixed assets of the carrying amount of 36,377,000 and intangible assets of the carrying amount of 74,954,000. The agreement is expected to be completed within 2017. As at 16 November 2016, on behalf of the Board of Directors of CIMC Vehicle (Group) Xinjiang Co., Ltd., on behalf of the subsidiary of the Group, has signed an irrevocable agreement to sell the intangible assets of the carrying amount of 26,401,000, fixed assets of the carrying amount of 55,892,000 and intangible assets of the carrying amount of 10,223,000. Urumqi High-tech Industrial Development Zone (New Urban Area) People's Government and The Management Committee of Urumqi Hi-Tech Industrial Development Zone, which is expected to be completed by 2017. The above-mentioned assets are identified as available for sale and are included in the balance sheet (31 December 2016: 203,847,000).

9. Current portion of non-current assets

	30 June 2017	31 December 2016
Finance lease receivable	5,677,533	5,467,492
Lease-related financing income	(1,179,085)	(1,252,505)
Finance lease receivable-net	4,498,448	4,214,987
Sale of goods in progress	19,769	33,378
Others	4,401	518
Subtotal	4,522,618	4,248,883
Lease financing income	(404,590)	(307,194)
Total	4,118,028	3,941,689

Notes to the Financial Statements

155

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

As at 30 June 2017, the balance of the long-term receivable from related parties disclosed within the consolidated financial statements is 36,658,000 (31 December 2016: 108,990,000).

Company Name	Relationship with the Group	30 June 2017	31 December 2016
LiH Energy Management and Investment Co., Ltd. (LiH Energy)	Associate	26,619	90,752
Y&C Engine Co., Ltd. (Y&C Engine)	Joint Venture	10,039	18,238
Total		36,658	108,990

Current portion of non-current assets are summarized by category as follows:

	30 June 2017				31 December 2016			
	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
Current portion of non-current assets which are individually insignificant and individually impaired bad debts	310,099	6.86%	77,175	24.89%	143,170	3.37%	49,775	34.77%
Current portion of non-current assets which are combined individually impaired bad debts *	4,212,519	93.14%	327,415	7.77%	4,105,713	96.63%	257,419	6.27%
Total	4,522,618	100.00%	404,590	8.95%	4,248,883	100.00%	307,194	7.23%

Note*: This category includes non-current assets disclosed within the consolidated financial statements in individual items.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has the final reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. Other current assets

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

11. Available-for-sale financial assets

	30 June 2017	31 December 2016
Measured at fair value		
Available-for-sale equity investments - Listed	1,761	2,441
Financial derivative	20,000	-
Bond	31,086	30,803
Measured at historical cost		
Available-for-sale equity investments (1) - Unlisted	411,970	412,240
Others	10	307
Less: Impairment provisions	(3,065)	(3,065)
Total	461,762	442,726

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

Notes to the Financial Statements

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text as a Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

	30 June 2017	31 December 2016
Available-for-sale equity investments		
Fair value	1,761	2,441
Historical cost	4,582	4,582
Accumulated net change in fair value of available-for-sale financial assets recognized in the consolidated income statement	(2,821)	(2,141)
Financial instruments		
Fair value	20,000	-
Historical cost	20,000	-
Accumulated net change in fair value of available-for-sale financial assets recognized in the consolidated income statement	-	-
Total		
Fair value	31,086	30,803
Historical cost	31,813	31,914
Accumulated net change in fair value of available-for-sale financial assets recognized in the consolidated income statement	(727)	(1,111)

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

	31 December 2016	Increase in cost ended	Decrease in cost ended	30 June 2017	Shareholding percentage	Carrying amount ended
Available-for-sale equity investments						
China United International Rail Container (Group) Company Limited (CR International)	380,780	-	-	380,780	10.00%	4,000
Bank of Communications Shanghai Management Company Limited (BOCM Shanghai)	8,125	-	-	8,125	5.00%	-
Beihai Yinjian Company Limited (Beihai Yinjian)	1,700	-	-	1,700	1.01%	-
Guangdong Sameng Engineering Group Company Limited (Guangdong Sameng)	1,365	-	-	1,365	0.09%	-
Donghai Container Terminal Service Company Limited	270	-	(270)	-	0.00%	-
Zhuhai Yinhua Technology Company Limited (Zhuhai Yinhua)	20,000	-	-	20,000	2.00%	-
Subtotal	412,240	-	(270)	411,970		4,000
Provisional impairment	(3,065)	-	-	(3,065)		-
Total	409,175	-	(270)	408,905		-

Available-for-sale equity investments measured at historical cost mainly consist of investments in non-listed companies, which do not have listed securities in active markets. The carrying amount of available-for-sale equity investments is not necessarily equal to fair value, and the ability to determine the carrying amount can not be reasonably confirmed. Thus, the carrying amount can not be regarded as reliable. The Group's management has evaluated the carrying amount.

Notes to the Financial Statements

159

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text as the primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables

	30 June 2017	31 December 2016
Finance lease receivable	21,106,913	21,814,831
Less: Unrealized financing income	(7,601,148)	(8,593,181)
Finance lease receivable-net	13,505,765	13,221,650
Sale of goods in instalment	235,898	325,592
Others	210,113	158,052
Subtotal	13,951,776	13,705,294
Less: Provision for impairment	(452,449)	(485,052)
Total	13,499,327	13,220,242

At the end of 30 June 2017, the impairment receivable defined in paragraph 12.1 of the Accounting Standards for Business Enterprises (2016) is less than 5% (including) of the carrying amount of the receivable. (31 December 2016: Nil)

The total fair value of the minimum lease receivable under finance lease is the balance sheet value, which is based on the contractual cash flows (including interest) and the present value of the cash flows, based on the discount rate at the balance sheet date, as receivable as follows:

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

As at 30 June 2017, the impairment receivable recognized due to the aging of financial assets is less than 5% (31 December 2016: Nil).

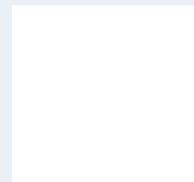
Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Long-term receivables (Continued)

At the end of 30 June 2017, the Group's long-term receivable defined as follows: 213,007,000 (31 December 2016: 107,298,000).



Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text has Primary Reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments

(1) Classification of long-term equity investments:

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

The impairment allowance is included in the consolidated financial statements.

No impairment loss is recognized which is reflected in the consolidated financial statements and associates.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

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

	31 December 2016	Movements in carrying amount				Cash dividend declared	Change in foreign exchange rate	30 June 2017	Percentage ownership
		Increase/ Decrease in investment	Net financial instrument impairment	Adjustment for impairment	Other movements				
Guangdong CIMC Logistic Equipment Manufacturing Company Limited	36,294	-	3,345	-	-	-	39,639	-	
Shanghai (Shanghai) Refrigering Equipment Company Limited	2,171	-	(295)	-	-	-	1,876	-	
Shanghai Shenji Special Vehicle Parts Company Limited	11,340	-	-	-	-	(338)	11,002	-	
NYK Zhenheng Logistics (Tianjin) Company Limited	75,432	-	823	-	(4,753)	-	71,502	-	
Kaifeng Zhengheng Logistics (Tianjin) Company Limited	22,330	-	1,417	-	-	-	23,747	-	
Qingdao Jiefeng Baijiantan Container Mainenance Company Limited	14,531	-	1,476	-	-	(433)	15,574	-	
Dalian Jilong & Baijiantan Logistics Company Limited	5,678	-	397	-	(1,000)	(169)	4,906	-	
Shanghai Baijiantan Container Mainenance Company Limited	23,888	-	2,045	-	-	(711)	25,222	-	
Tianjin Jinhai Baijiantan Container Mainenance Company Limited	7,933	-	1,087	-	-	(236)	8,784	-	
Y&C Engine Company Limited	195,777	-	6,149	-	-	-	201,926	-	
Shanghai CIMC Mobile International Service Company Limited	1,630	-	(1,015)	-	-	-	615	-	
Ningbo Meihan Bonded Area Changhui Liancheng Investment Management Company Limited (Limited Partnership)	50,100	3,000	-	-	-	-	53,100	-	
Hangzhou Yinghe Investment Management Company Limited	20,100	1,200	-	-	-	-	21,300	-	
Ningbo Huijin Shipping UG	33,287	-	-	-	-	-	33,287	-	
Hangzhou Xinwei Investment Management Company Limited	10	-	-	-	-	-	10	-	
Total	500,501	4,200	15,429	-	(5,753)	(1,887)	512,490	-	

Reference to Note VI.2 for details in joint ventures.

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

(3) Long-term equity investments in associates:

	Movement in the period									
	31 December 2016	Net Decrease/ Increase in the period	Adjustment for impairment losses	Other movements	Change in foreign exchange rate	Recognised in other comprehensive income	30 June 2017	Profit or loss		
Xinhang Winding King Co., Ltd.	7,071	-	-	-	-	-	7,071	-		
Ningbo Beilindonghachina Service Co., Ltd.	1,200	-	-	-	-	-	1,200	-		
Xiamen CIMC Haiyin Service Co., Ltd.	23,350	1,505	-	-	-	-	24,855	-		
Dalian Jilong Logistics Co., Ltd.	47,615	529	-	-	-	-	48,144	-		
Serji (Jiangmen) Technology Material Co., Ltd.	45,684	790	-	-	-	-	46,474	-		
Bank of East Asia	8,374	389	-	-	-	-	8,763	-		
Shanghai Fengang Real Estate Development Co., Ltd.	104,191	-	-	-	-	-	104,191	-		
TSC	212,905	-	-	-	(6,338)	-	206,567	-		
Maize Sbeachina Limited	2	-	-	-	-	-	2	(2)		
Tianhua (Shanghai) International Freight Agency Co., Ltd.	1,900	75	-	-	-	-	1,975	-		
LiHaga and Lianhai Co., Ltd. (LiHaga Energy)	102,176	2,832	-	-	-	-	105,008	-		
Jiang Rongcheng Machinery Co., Ltd.	28,123	-	-	-	-	-	28,123	-		
Ji'an Enjia Konic Machinery Co., Ltd.	2,608	(1,225)	-	-	-	-	1,383	-		
Oon Inc (Shanghai)	16,589	(81)	-	-	-	-	16,508	-		
Xinhai CIMC Wod Co., Ltd.	27,519	302	-	-	-	-	27,821	-		
Tianjin Sinda Jiang Animal Husbandry Co., Ltd.	30,436	(2,316)	-	-	-	-	28,120	-		
Qingda P International Trade and Logistics Co., Ltd.	43,400	1,246	-	-	-	-	44,646	-		
ZPMC-Red Bull Energy Service Limited	14,567	(14,567)	-	-	-	-	-	-		
Tianjin Shenglim & E Trading Co., Ltd.	21,110	-	-	-	-	-	21,110	-		
Jiahua Shiling Co., Ltd. (Jiahua Shiling)	126,454	-	-	-	(2,966)	-	123,488	-		
Xinda Freight Co., Ltd.	688	150	-	-	-	-	838	-		

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

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

	31 December 2016	Movements in consolidated					Change in foreign exchange rate	Recognised impairment loss	Other	30 June 2017	Percentage of investment
		Increase/ Decrease in investment	Net adjustment to impairment	Adjustment to share income	Other movements	Capital dividend declared					
Chifeng Lian'an Farm Co., Ltd.	6,296	-	-	-	-	-	-	-	6,296	-	
CIMC Arabia Facility Company Limited	5,227	-	-	-	-	-	-	-	5,227	-	
Shanghai Xiang'an Co., Ltd.	679	(603)	(76)	-	-	-	-	-	-	-	
Ninghai Agricultural	14,633	-	-	-	-	-	-	-	14,633	-	
Ningxia Changming National Gas Development Co., Ltd.	18,331	-	-	-	-	-	-	-	18,331	-	
Chengde Telecom Information Engineering Co., Ltd.	2,637	-	(240)	-	-	-	-	-	2,397	-	
Shenzhen Radnet Technology Co., Ltd.	7,407	2,000	-	-	-	-	-	-	9,407	-	
Beijing Bolehibi Information Co., Ltd.	12,423	-	-	-	-	-	-	-	12,423	-	
Guangzhou Chichun Technology Co., LTD	23,829	-	321	-	-	-	-	-	24,150	-	
China Finance Safe Enterprise Group Limited (China Finance Safe)	485,275	-	-	-	-	29,718	-	-	514,993	-	
Shanghai Tanklink Supply Chain Technology Development Co., Ltd.	2,000	-	-	-	-	-	-	-	2,000	-	
Zhejiang Xinling Bamboo Industry Co., Ltd.	14,447	-	-	-	-	-	-	-	14,447	-	
Ningbo Guanghen Bamboo Product Co., Ltd. (Ningbo Guanghen)	662	-	-	-	-	-	-	-	662	-	
Fujian Qingchen Bamboo Industry Co., Ltd. (Qingchen Bamboo Industry)	2,448	-	-	-	-	-	-	-	2,448	-	
UCS Age LLC	5,779	-	-	-	-	-	-	-	5,779	-	
Wadlink Yib (Beijing) International Logistic Co., Limited	3,120	-	-	-	-	-	-	-	3,120	-	
Jiang Baiking Apparel Co., Ltd.	23,755	-	111	-	-	(422)	-	-	23,444	-	
Shenzhen Cadex Hardware Engineering Co., Ltd. (Cadex Hardware)	17,858	-	-	-	-	-	-	-	17,858	-	
Zhongxinwei	22,648	-	-	-	-	-	-	-	22,648	-	
Henan Yida Tianyuan Logistic Technology Co., Ltd. (Henan Yida)	378	-	-	-	-	-	-	-	378	-	
CIMC Longin (Beijing) Chain Technology Co., Ltd.	580	80	-	-	-	-	-	-	660	-	
Qianhai Riji Technology Co., Ltd.	3,718	-	(363)	-	-	-	-	-	3,355	-	

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term equity investments (Continued)

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

	Movement in the period										
	31 December 2016	Inc./decr. in the period	Net adjust- ment in the period	Adj. men- t in the period	Other in- creases	Ca h di- vidend declared	Change in fair value	Recogni- zed in the period	Other	30 June 2017	Profit in the period
Shanghai Ine men Management C., Ltd	117,775	-	(2,633)	-	-	-	-	-	-	115,142	-
CIMC Shang (Chang h) Logi c C., Ltd	3,000	(3,000)	-	-	-	-	-	-	-	-	-
M (Shanghai) In e pa i nal Trade C., Ltd (M Shanghai)	851	-	(68)	-	-	-	-	-	-	783	-
Shanghai Xin Bai Qin Vehicle C., Ltd	-	16,000	428	-	-	-	-	-	-	16,428	-
Shen hen Sk Ca i al C., Ltd (SESKYC)	-	2,750	-	-	-	-	-	-	-	2,750	-
Read n In e men Inn a i e en ca i al f nd C., LLP	-	30,539	-	-	-	-	-	-	-	30,539	-
Xingh Chelian Tech ng C., Ltd	-	1,750	-	-	-	-	-	-	-	1,750	-
CELASJ	-	18,605	-	-	-	-	-	-	-	18,605	-
Total	1,661,718	68,121	(12,891)	-	-	-	19,992	-	-	1,736,940	(2)

Refer to Note VI.2 for details in associate.

The Group's investments are in TSC, LiHa Energy, Jiang Richen, O n Inc (Shanghai), ZPMC, Cad H d a lic, Zh ng i Xin ei, Henan Yida and Shen hen Rad Net k Techn ng C., Ltd. All belong to 20%. Because the Group has a in ed di ec the ab e men i ned a cia e, the Group had significant influence over them. Therefore, investments in these associates are dealt as equity investments.

As at 30 June 2017, the fair value of the Group's recognized investment in associates is in line with the carrying amount and the carrying amount is measured at cost. The fair value of the Group's unrecognized investment in associates is in line with the carrying amount (31 December 2016: Nil).

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Investment properties

	Buildings and relevant land use rights	Land use rights	Total
1 January 2016	730,168	-	730,168
Addition	78,176	-	78,176
Change in fair value	75,792	-	75,792
Transfer from fixed asset	131,859	-	131,859
Transfer from intangible asset	46,843	130,551	177,394
Transfer from construction in progress	786	-	786
Realization gain on transfer	102,062	482,772	584,834
Transfer of classified as held for sale	(26,401)	-	(26,401)
Transfer	-	-	-
31 December 2016	1,139,285	613,323	1,752,608
1 January 2017	1,139,285	613,323	1,752,608
Addition	-	-	-
Change in fair value	-	-	-
Transfer from fixed asset	-	-	-
Transfer from intangible asset	-	-	-
Transfer from construction in progress	1,287	-	1,287
Realization gain on transfer	-	-	-
Transfer of classified as held for sale	-	-	-
Transfer	(17,704)	(17,685)	(35,389)
Exchange difference arising from translation of foreign currency	3,559	-	3,559
30 June 2017	1,126,427	595,638	1,722,065

In the period, there is no impairment loss on investment properties (For the period ended 30 June 2016: Nil).

The fair value of the investment properties of the Group is determined by independent professional appraisers. Details of the valuation methods and significant assumptions used by the Group in determining the fair value of the investment properties are set out in Note XIV.6.

In the period, amounts transferred from fixed asset and intangible asset are 17,704,000 and 17,685,000, respectively.

As at 30 June 2017, the building with carrying amount of 156,697,000 (31 December 2016: 113,196,000) had not been enrolled for the pre-lease certification and finalized in the period.

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Fixed assets

(1) Fixed assets

	Plants and buildings	Machinery and equipment	Office & other equipment	Motor vehicles	Offshore engineering equipment	Dock, wharf	Total
Original cost							
31 December 2016	10,676,684	10,112,067	1,981,991	1,045,215	6,783,391	1,262,820	31,862,168
Additions							
- combined	24,321	11,604	7	71	-	-	36,003
- incurred	58,845	160,773	76,355	167,934	-	-	463,907
Transfer from construction							
- charge	35,997	206,727	159,382	12,060	-	-	414,166
- transferred	41,738	-	-	-	-	-	41,738
Decreases							
- incurred	(86,498)	(296,266)	(85,105)	(27,882)	(79,025)	-	(574,776)
- transferred	-	-	-	-	-	-	-
- disposed	-	-	-	-	-	-	-
Exchange difference arising from translation of foreign currency	13,616	(4,898)	(1,713)	1,104	(65,291)	(12,759)	(69,941)
30 June 2017	10,764,703	10,190,006	2,130,917	1,198,502	6,639,075	1,250,061	32,173,264
Accumulated depreciation							
31 December 2016	2,522,207	4,231,582	1,254,278	528,237	686,944	232,400	9,455,648
Additions							
- combined	4,742	5,969	6	60	-	-	10,777
Decreases recognized							
- incurred	213,148	341,224	110,381	90,651	135,213	25,881	916,498
- transferred	24,034	-	-	-	-	-	24,034
- incurred	(54,520)	(105,017)	(80,543)	(14,433)	(8,436)	-	(262,949)
- transferred	-	-	-	-	-	-	-
- disposed	-	-	-	-	-	-	-
Exchange difference arising from translation of foreign currency	5,832	(2,924)	2,550	506	(10,729)	(5,593)	(10,358)
30 June 2017	2,715,443	4,470,834	1,286,672	605,021	802,992	252,688	10,133,650
Property impairment							
31 December 2016	311,653	40,801	14,560	2,245	-	-	369,259
Additions							
- combined	-	-	-	-	-	-	-
- incurred	75	1,459	-	-	-	-	1,534
- transferred	-	(2,387)	(9,433)	(19)	-	-	(11,839)
- incurred	-	-	-	-	-	-	-
- disposed	-	-	-	-	-	-	-
Exchange difference arising from translation of foreign currency	6,149	(224)	-	-	-	-	5,925
30 June 2017	317,877	39,649	5,127	2,226	-	-	364,879
Carrying amount							
30 June 2017	7,731,383	5,679,523	839,118	591,255	5,836,083	997,373	21,674,735
31 December 2016	7,842,824	5,839,684	713,153	514,733	6,096,447	1,030,420	22,037,261

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Fixed assets (Continued)

(1) Fixed assets (Continued)

As at 30 June 2017, the machine in the book value is 375,761,000 (original cost of 525,362,000) and accumulated depreciation of 109,272,000 (31 December 2016: 398,144,000 (original cost of 525,305,000)) and accumulated depreciation of 159,815,000, see Note IV. 24.

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

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

(2) As at 30 June 2017, the carrying amount of temporarily idle buildings, machinery and equipment amounts to 344,385,000 (original cost of 614,561,000) (31 December 2016: carrying amount of 207,894,000 and original cost of 409,415,000). The following table presents the detail:

	Original cost	Accumulated depreciation	Provision for impairment	Carrying amount
Building	390,069	(108,091)	(12,592)	269,386
Machine and equipment	193,270	(98,910)	(26,036)	68,324
Tank barge	3,510	(2,640)	(102)	768
Office & house equipment	27,712	(17,845)	(3,960)	5,907
	614,561	(227,486)	(42,690)	344,385

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Fixed assets (Continued)

(3) Fixed assets held through finance leases:

	30 June 2017			31 December 2016		
	Book balance	Accumulated depreciation	Carrying amount	Book balance	Accumulated depreciation	Carrying amount
Building	2,626	(2,183)	443	2,626	(1,875)	751
Machine & equipment	527,751	(149,865)	377,886	527,599	(127,256)	400,343
Offshore engineering special equipment	215,852	(89,251)	126,601	31,113	(12,187)	18,926
Total	746,229	(241,299)	504,930	561,338	(141,318)	420,020

During the period, the fixed assets held through finance leases mainly consist of machine and equipment. All are leased back by C&C Truck.

(4) Fixed assets with certificates of ownership unsettled

	Carrying amount	Reasons for pending
Factory	974,123	Partial certificate being in the process
Office building	159,663	Partial certificate being in the process
Warehouse	214,459	Information provided, being in the process
Drum and Crane	105,598	Partial certificate being in the process
Warehouse	116,637	Under the main financial material
Others	162,602	Certificate being in the process
Total	1,733,082	

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Construction in progress

(1) Construction in progress

	30 June 2017			31 December 2016		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Vehicle construction financing and leasing company	20,301,214	-	20,301,214	19,405,489	-	19,405,489
Raffle H273, H1284 Project	2,747,244	-	2,747,244	2,754,873	-	2,754,873
Enrichment construction project	59,202	-	59,202	88,101	-	88,101
Child Chain Reach Initiative Project	49,146	-	49,146	47,633	-	47,633
Refugee aid construction project of Anhui United Feicai	37,622	-	37,622	30,583	-	30,583
Production equipment for C&T-ck	35,382	-	35,382	35,218	-	35,218
HJQM equipment production line	26,477	-	26,477	-	-	-
XHCIMC equipment production construction project	22,418	-	22,418	13,079	-	13,079
Dalian construction project of QDCRC	21,129	-	21,129	21,129	-	21,129
Qingdao CIMC equipment production construction project	19,590	-	19,590	-	-	-
SHYSLE equipment production construction project	11,933	-	11,933	-	-	-
Dongguan CIMC equipment production project	5,522	-	5,522	11,497	-	11,497
TCCIMC equipment production construction project	5,400	-	5,400	5,400	-	5,400
Raffle large scale equipment (including 2000T lifting crane)	3,128	-	3,128	3,080	-	3,080
TJICIMC mid-hickler and beam production line	1,981	-	1,981	1,575	-	1,575
TAS New Plan Project	1,824	-	1,824	1,498	-	1,498
XHCIMCS Production Line and Production Facilities Production project	1,506	-	1,506	1,506	-	1,506
Second phase of Hebei construction project	641	-	641	12,033	-	12,033
Others	454,939	(1,645)	453,294	338,916	(2,421)	336,495
Total	23,806,298	(1,645)	23,804,653	22,771,610	(2,421)	22,769,189

The carrying amount of construction in progress at the end of the period included accumulated depreciation of RMB1,750,963,000 (31 December 2016: 1,532,714,000). The increase of depreciation of construction in progress for the period ended at 3.18% (For the period ended 30 June 2016: 3.08%).

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

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Disposal of fixed assets

	30 June 2017	31 December 2016
Building	76,267	87,015
Machine and equipment	43,790	42,016
Transportation	124	211
Office & equipment	239	808
Total	120,420	130,050

18. Intangible assets and development expenditure

(1) Intangible assets

	Land use rights	Technical know-how and trade marks	Timber concession rights	Customer relationships	Customer contracts	Maritime use rights	Franchise rights	Total
Original cost								
31 December 2016	3,914,000	2,004,623	250,078	400,171	285,273	94,984	111,934	7,061,063
Additions	15,198							15,198
Disposals	(37,696)	(122,332)						(160,028)
Transfer of intangible assets	22,718							22,718
Change in carrying amount	(124,128)	(62,517)	(9,601)					(196,246)
Exchange difference arising from translation of foreign currency	(8,753)	12,562	(147)	2,833	597	(1,948)	48	5,192
30 June 2017	3,856,731	2,077,000	240,330	403,004	285,870	93,036	111,982	7,067,953
Accumulated impairment								
31 December 2016	665,789	1,086,080	129,894	151,760	159,755	28,936	8,420	2,230,634
Additions	976							976
Disposals	(59,665)	(87,612)		18,927	6,932	910	1,688	(175,734)
Transfer of intangible assets	5,033							5,033
Change in carrying amount	(6,983)	(131)						(7,114)
Exchange difference arising from translation of foreign currency	(1,591)	5,529	(147)	284	923	(413)	48	4,633
30 June 2017	722,889	1,179,090	129,747	170,971	167,610	29,433	10,156	2,409,896
Provision for impairment								
31 December 2016		4,564	110,288	1,817	59,003			175,672
Change in carrying amount			(2,937)		672			(2,265)
30 June 2017		4,564	107,351	1,817	59,675			173,407
Carrying amount								
30 June 2017	3,133,842	893,346	3,232	230,216	58,585	63,603	101,826	4,484,650
31 December 2016	3,248,211	913,979	9,896	246,594	66,515	66,048	103,514	4,654,757

In the period, impairment expense for intangible assets amounted to 175,734,000 (For the period ended 30 June 2016: 121,062,000).

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Intangible assets and development expenditure (Continued)

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

	Carrying amount in RMB	Reasons for unsettlement
Ningbo C naine Man fac e land e igh	75,322	in he e g e
SCIMCEL Tangkeng land e igh	55,674	e i ed and e le an e ced e a e e i ed
C&C T ck land e igh	19,187	in he e g e
Langfang land e igh	8,887	in he e g e
SCIMCEL d mi e	1,787	in he e g e
Total	160,857	

As of the end of the reporting period, the aforementioned intangible assets which have not yet obtained the necessary certificates of ownership are as follows:

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

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

(5) Development expenditure is as follows:

	31 December 2016	C en e i d add i n	Rec gni ed a in angible a e	30 June 2017
P e j e c n e h i c l e e c h n l g	43,089	21,029	(14,441)	49,677
O h e e	6,901	10	-	6,911
	49,990	21,039	(14,441)	56,588

In the period, the Group's development expenditure amounted to 309,498,000 (For the period ended 30 June 2016: 248,570,000); 288,459,000 of which (For the period ended 30 June 2016: 230,097,000) are included in the consolidated financial statements, and 7,021,200 (For the period ended 30 June 2016: 17,472,000) are included in the consolidated financial statements.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Goodwill

	31 December 2016	Change added during the period	Change deducted during the period	Exchange difference arising from translation of foreign currency	30 June 2017
Intangible	630,992	-	-	(5,200)	625,792
Vehicle UK	336,360	-	-	9,515	345,875
TGESA	164,502	-	-	6,397	170,899
YPDI	86,558	-	-	-	86,558
Balance	132,245	-	-	-	132,245
Patent	108,196	-	-	-	108,196
C & CT-ck	132,145	-	-	-	132,145
Haohengleng	103,530	-	-	-	103,530
Other	569,673	1,453	-	(140)	570,986
Subtotal	2,264,201	1,453	-	10,572	2,276,226
Leasehold intangible assets					
C & CT-ck	93,330	-	-	-	93,330
Other	42,978	-	-	(475)	42,503
Subtotal	136,308	-	-	(475)	135,833
Total	2,127,893	1,453	-	11,047	2,140,393

(1) Impairment test for asset group including goodwill

The goodwill allocated to the asset groups and combination of asset groups are measured by using the following:

	30 June 2017	31 December 2016
Container age group	120,085	120,085
Road and main vehicle age group	417,663	408,658
Energy and chemical & feed materials age group	1,075,392	1,074,195
Offshore engineering age group	229,442	229,397
Logistics service age group	120,558	120,558
Health care age group	38,815	38,815
Air services age group	108,196	108,196
Age group with insignificant value in the age group	30,242	27,989
Total	2,140,393	2,127,893

Notes to the Financial Statements

175

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Long-term prepaid expenses

	31 December 2016	Addition during the period	Consumption during the period	Consumption during the period	Exchange difference arising from translation of foreign currency	30 June 2017
Yard facilities	9,691	-	223	(1,424)	29	8,519
Project insurance and commission	133,924	-	31,369	(30,658)	(2,513)	132,122
Long-term prepaid expenses held under leasing lease	9,439	-	5,372	(2,204)	-	12,607
Other long-term prepaid expenses	-	-	-	-	-	-
Long-term prepaid engineering fee	19,996	-	51,692	(12,110)	(987)	58,591
Others	73,524	52	10,123	(14,283)	(99)	69,317
Subtotal	246,574	52	98,779	(60,679)	(3,570)	281,156
Less: Long-term prepayments	-	-	-	-	-	-
Total	246,574	52	98,779	(60,679)	(3,570)	281,156

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Deferred tax assets and deferred tax liabilities

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

	30 June 2017		31 December 2016	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred assets:				
Provision for impairment	834,767	160,844	1,546,119	322,474
Accrued liabilities	617,576	113,145	690,921	139,994
Employee benefits payable	1,139,847	257,745	1,273,607	296,507
Accrued expense	120,131	26,479	493,541	89,303
Deductible lease	1,791,531	306,356	1,861,895	332,307
Measurement of fair value of financial assets at fair value through profit or loss/hedging instruments	7,729	1,634	27,566	6,892
Available-for-sale financial assets	-	-	14,230	2,134
Intangible non-current assets	29,871	7,468	18,904	4,726
Others	2,180,446	436,088	278,319	69,580
Subtotal	6,721,898	1,309,759	6,205,102	1,263,917
Offsetting amount	(187,229)	(32,843)	(25,512)	(6,247)
Offsetting balances	6,534,669	1,276,916	6,179,590	1,257,670
Including:				
Amounts imputed to equity in 1 year (inclusive)		227,983		552,415
Amounts imputed to equity in more than 1 year		1,048,933		705,255
		1,276,916		1,257,670
Deferred liabilities:				
Measurement of fair value of financial assets at fair value through profit or loss	(2,385)	(448)	(26,076)	(6,483)
Measurement of fair value of instruments	-	-	(700,853)	(170,909)
Measurement of fair value of hedging instruments	(7,998)	(1,200)		
Realized gain through combination	(1,000,899)	(208,194)	(933,696)	(231,947)
Goodwill impairment (after cumulative)	(588,747)	(103,031)	(253,352)	(63,338)
Accelerated depreciation	(807,509)	(201,877)	(441,782)	(179,383)
Others	(1,029,888)	(205,977)	(46,412)	(11,601)
Subtotal	(3,437,426)	(720,727)	(2,402,171)	(663,661)
Offsetting amount	187,229	32,843	25,512	6,247
Offsetting balances	(3,250,197)	(687,884)	(2,376,659)	(657,414)
Including:				
Amounts imputed to equity in 1 year (inclusive)		(431,300)		(140,809)
Amounts imputed to equity in more than 1 year		(256,584)		(516,605)
		(687,884)		(657,414)

Notes to the Financial Statements

177

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

(2) Unrecognised deferred tax assets

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

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

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

Note 1: By the end of 2016 and at a 30 June 2017, unrecognised deferred tax assets aged less than five years (including from deductible losses) were held from foreign subsidiaries operating in the People's Republic of China, the United States of America, the United Kingdom, France, Brazil and Australia can be forfeited if they are indefinite; deductible losses generated from the Netherlands can be forfeited in the next five years.

At a 30 June 2017, the Group is subject to an income tax on the difference of a share if it is subsidiary in Hong Kong and therefore decided to distribute dividends to the shareholders in mainland China. The estimated difference arising from the undistributed profits of the subsidiary is approximately 3,630,258,000 (31 December 2016: 3,303,113,000). Since the Group can control the dividend distribution in the subsidiary and has decided not to distribute dividends in the foreseeable future, the deferred income tax liability on the undistributed profits is not recognised.

The Group had not recognised deferred tax liability other than the mentioned above.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Other non-current assets

	30 June 2017	31 December 2016
Equipment	13,721	35,547
Prepayment of land lease	6,956	32,235
Prepayment of rent	-	8,695
Prepayment of construction	-	7,429
Others	-	2,447
Total	20,677	86,353

As at 30 June 2017, the main non-current assets defined in the above table include more than 5% (inclusive) of the carrying amount related to the (31 December 2016: Nil).

23. PROVISION FOR ASSET IMPAIRMENT

	31 December 2016	Change added	Change decreased		E change difference arising from exchange rate	30 June 2017
			Real	Write-off		
Provision of bad debt						
Including: provision of bad debt for accounts receivable	629,236	79,347	(53,359)	(9,312)	821	646,733
Provision of bad debt for other receivable	1,580,439	142,700	(777)	(6,579)	(5,158)	1,710,625
Provision of bad debt advance	226,967	6,675	-	-	(10)	233,632
Provision of bad debt for construction in progress	307,194	97,471	(70)	-	(5)	404,590
Provision of bad debt for long-term receivable	485,052	4,641	(40,204)	2,997	(37)	452,449
Provision of decline in value of financial assets	319,004	79,760	(83,281)	(16,395)	15,151	314,239
Provision of impairment of long-term investments	2	-	-	-	-	2
Provision of impairment of available-for-sale financial assets	3,065	-	-	-	-	3,065
Provision of impairment of fixed assets	369,259	1,534	-	(11,839)	5,925	364,879
Provision of impairment of construction in progress	2,421	-	-	(776)	-	1,645
Provision of impairment of financial assets	175,672	-	-	-	(2,265)	173,407
Provision of impairment of goodwill	136,308	-	-	-	(475)	135,833
Total	4,234,619	412,128	(177,691)	(41,904)	13,947	4,441,099

Please refer to the detailed information of the above for the provision.

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Restricted assets

As at 30 June 2017, the restricted assets in the consolidated financial statements are as follows:

		31 December 2016	Change added	Change decreased	Exchange difference arising from revaluation of foreign currencies	30 June 2017
Assets						
• Cash at bank and on hand	IV.1	987,257	49,135	(219,448)	(99)	816,845
• Receivables	IV.3	206,753	207,835	(158,188)	-	256,400
• Long-term receivables	IV.12	8,164,729	(57,408)	(654,249)	-	7,453,072
• Finance	IV.15	398,144	-	(22,383)	-	375,761
Total		9,756,883	199,562	(1,054,268)	(99)	8,902,078

Long-term receivables are classified as assets from mortgage loans. Receivables are derived from financing, ledger fee, freight and ledger fee. Reference IV.15 for non-current assets in the financial statements which are classified as long-term assets. Reference Note IV.25 and IV.28 for details of the long-term pledged borrowings. The restricted cash at bank and on hand are deposited in the People's Bank of China Banking Finance Company.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Short-term borrowings

(1) Classification of short-term borrowings:

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

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Short-term borrowings (Continued)

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

- (a) As at 30 June 2017, guaranteed borrowings of the Group consisted of the following: bank loans of India Zhenhua Logistic Group Co., Ltd. (Zhenhua Group) amounting to USD324,000 (Equivalent to RMB2,195,000); loans of CIMC Raffles Offshore Engineering (Singapore) Co., Ltd amounting to 1,400,138,000, USD33,962,000 (Equivalent to RMB230,096,000) and Euro 2,158,000 (Equivalent to RMB16,723,000), guaranteed by the Group and China International Marine Co. (China International Marine Co. (HONG KONG) Limited (CIMC Hong Kong)); loans of India C&C Truck amounting to 450,000,000, which is guaranteed by the Group; loans of Xiamen Hongbin Beig Leasing Co., Ltd. amounting to 112,000,000, guaranteed by the CIMC Financing and Leasing Co., Ltd. (CIMCVL); CIMC Financing and Leasing Co., Ltd. (CIMCVL) amounting to USD23,500,000 (Equivalent to RMB159,214,000), guaranteed by the Group and CIMC Hong Kong.
- (b) As at 30 June 2017, the pledged loans of the Group as at the end of the period from the People's Bank of China pledged in the receivable which is a liability of the Finance Company, amounting to 32,821,000.
- (c) As at 30 June 2017, the average interest rate on borrowings is higher than 5% (including 5%) of the interest rate of the Group's related parties.
- (d) As at 30 June 2017, the interest rate of borrowings ranged from 1.30% to 6.09% (31 December 2016: 0.65% to 16.41%).

26. Financial liabilities at fair value through profit or loss

	N e	30 June 2017	31 December 2016
Current			

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Notes payable

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

The above notes payable are due within one year.

28. Accounts payable

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

	30 June 2017	31 December 2016
Debtors' material liability	9,364,746	8,303,845
Integrated logistic service charge	468,558	461,925
Project construction charge	291,105	259,029
Project construction charge	398,677	658,048
Debtors' liability	618,839	150,029
Transportation charge	69,741	135,159
Processing charge	41,972	129,178
Others	91,540	63,738
Total	11,345,178	10,160,951

Notes to the Financial Statements

183

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Accounts payable (Continued)

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

The aging analysis of accounts payable is as follows:

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

As at 30 June 2017, accounts payable due within a year has a carrying amount of 634,903,000 (31 December 2016: 625,601,000) and mainly related to the staff of the engineering business. Since the discontinuation of the staff of the engineering business, all matured payable has been settled.

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

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

Company name	Relationship with the Group	30 June 2017		31 December 2016	
		Amount	% of total balance	Amount	% of total balance
Y&C Engine	Joint Venture	38,931	0.34%	66,157	0.65%
TSC	Associate	13,807	0.12%	25,727	0.25%
Fujian Qingchen Bamboo Industry Co., Ltd.	Associate	10,496	0.09%	8,138	0.08%
Shanghai Heada Mobile	Minority shareholder of subsidiary	5,352	0.05%	3,611	0.04%
Ningxia Changming	Associate	2,732	0.02%	2,435	0.02%
Xinhai CIMC Welding Co., Ltd.	Associate	202	0.00%	17,905	0.18%
Ashit Trading Co., Ltd.	Minority shareholder of subsidiary	-	0.00%	15,902	0.16%
Other related parties		5,825	0.05%	7,062	0.07%
Total		77,345	0.67%	146,937	1.45%

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has legal reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Advanced receipts

(1) Advanced receipts

	30 June 2017	31 December 2016
Advanced freight	2,431,530	3,167,715
Advanced freight commission	1,571,044	155,912
Advanced freight	210,070	208,583
Advanced freight made and logistic	139,340	70,508
Others	193,851	177,976
Total	4,545,835	3,780,694

As at 30 June 2017, advanced receipts were related to a carrying amount of 304,804,000 (31 December 2016: 330,291,000), and mainly related to advanced receipts for the engineering business. Since the majority of the advanced receipts for the engineering, energy and chemical industry are all made by the advanced receipts have not been settled.

(2) As at 30 June 2017, advanced receipts from those who hold 5% or more of the voting rights or related parties amounted to 40,000 (31 December 2016: 5,200).

30. Accrued payroll

	Note	30 June 2017	31 December 2016
Share-based	(1)	2,074,384	2,090,125
Defined contribution plan	(2)	45,153	24,156
Diminishing allowance	(3)	880	827
		2,120,417	2,115,108

Notes to the Financial Statements

185

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Accrued payroll (Continued)

(1) Short-term wages

	31 December 2016	Consolidated addition	Consolidated decrease	Exchange difference arising from retranslation of foreign currency	30 June 2017
Wage and salary, bonus, allowance and subsidy	1,699,319	2,516,308	(2,475,474)	4,252	1,744,405
Profit-sharing and employee management bonus	205,151	-	(8,951)	-	196,200
Housing fund	6,118	80,860	(80,906)	(30)	6,042
Labour insurance and employee accident insurance	62,236	27,129	(36,014)	(157)	53,194
Social security contribution and health	12,517	87,991	(77,504)	1	23,004
Including: Medical insurance	9,564	74,051	(65,053)	1	18,563
Work injury insurance	1,583	8,250	(7,850)	-	1,983
Maternity insurance	1,370	5,690	(4,601)	-	2,458
Other short-term wage	104,784	280,656	(334,802)	901	51,539
Total	2,090,125	2,992,944	(3,013,651)	4,967	2,074,384

(2) Defined contribution plans

	31 December 2016	Consolidated addition	Consolidated decrease	Exchange difference arising from retranslation of foreign currency	30 June 2017
Basic pension	21,455	205,171	(186,716)	5	39,915
Unemployment insurance	2,554	8,214	(5,724)	-	5,043
Enterprise annuity	147	1,109	(1,061)	-	195
Total	24,156	214,494	(193,501)	5	45,153

Notes to the Financial Statements

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation in Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

32. Interest payable

	Note	30 June 2017	31 December 2016
Interest on bank deposits	IV.43	203,985	135,990
Interest on bank borrowings		79,273	76,730
Interest on trade payables		218,242	70,249
Interest on bank borrowings		31,928	20,406
Total		533,428	303,375

33. Dividends payable

	30 June 2017	31 December 2016
Dividend payable to shareholders	75,080	16,746
Dividend payable to directors	178,332	-
Total	253,412	16,746

34. Other payables

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

	Note	30 June 2017	31 December 2016
Advance received		2,595,693	1,892,437
Accounts payable		1,555,619	1,490,340
Quality guarantee		543,228	593,210
Trade payables		500,826	315,605
Employee benefits		136,633	185,777
Equal contribution		82,243	73,619
Contract liabilities of shareholders	(3)	72,786	111,054
Interest		27,483	12,732
Royalty		4,452	601
Professional and training fee		1,712	17,897
Printing maintenance fee		773	5,456
Employee compensation in Yangshan		-	23,200
Others		605,931	432,145
Total		6,127,379	5,154,073

Notes to the Financial Statements

Financial statements from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Text as a Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Current portion of non-current liabilities

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

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

37. Other current liabilities

	Note	30 June 2017	31 December 2016
Commercial liabilities of the Group	(1)	2,583,959	1,666,966
Other		28,321	20,796
		2,612,280	1,687,762

- (1) The Commercial liabilities of the Group are related to CIMC Finance Holding Limited (CIMC Finance) and CIMC HK, the subsidiaries of the Group. As at 20 March 2016, CIMC Finance signed a short-term commercial agreement with Bank of New York Mellon, Goldman Sachs and Bank of China (London Branch) in respect of commercial liabilities amounting to USD450 million in aggregate. As at the end of the period, the net amount of the outstanding commercial liabilities was USD318,000,000 (equivalent to RMB2,154,471,000). As at 21 December 2015, CIMC HK entered into a deal to acquire a 3-year term agreement with Bank of China and Bank of China (London Branch) in respect of commercial liabilities of the United States in the amount of USD600 million. As at 30 June 2017, the net amount of outstanding 3-year term commercial liabilities of the Group was USD63,400,000 (equivalent to RMB429,488,000).

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Long-term borrowings

(1) Classification of long-term borrowings

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

(i) As at 30 June 2017, the subject matter of the financial leasing contracts of the subsidiary of CIMC Financing and Leasing Company Limited are margined as collateral for the Group's margined loans.

(ii) As at 30 June 2017, the Group's long-term guaranteed borrowings are comprised of the following: bank borrowing of US\$1,489,000,000 (equivalent to RMB10,088,075,000) which are guaranteed by the Company, among which the lease financing amount is US\$2,000,000 (equivalent to RMB13,550,000); bank loan of CIMCVL amount of US\$352,157,000 (equivalent to RMB2,385,719,000), guaranteed by the Company and CIMC Hong Kong, among which the lease financing amount is US\$248,114,000 (equivalent to RMB1,680,822,000); bank borrowing of Xiamen Heng in Beig Leasing Company Limited amount of 25,787,000 guaranteed by Tianjin Heng in Beig Company Limited; bank borrowing of Deggan CIMC Intelligent Technology Company Limited amount of 7,518,000 guaranteed by the Company.

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

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

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Debentures payable

	31 December 2016	Change	30 June 2017
Medi m- e m n e	7,986,500	-	7,986,500

(1) Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount
Medi m- e m n e -16CIMC MTN1 (i)	3,500,000	11 A g 2016	3 ea	3,500,000
Medi m- e m n e -16CIMC MTN2 (i)	2,500,000	22 A g 2016	3 ea	2,500,000
Medi m- e m n e -16CIMC MTN3 (ii)	2,000,000	17 Oc be 2016	3+N ea	1,986,500
T al	8,000,000			7,986,500

- (i) The C m an can i e medi m- e m n e i n h e n a i n a l i n e b a n k b n d m a k e . T h e c m an i e d medi m- e m n e (MTN) i h a m n f 3.5 billi n n 11 A g 2016 i h a ceiling f 6 billi n i n i n a l i n e i n h e n a i n a l i n e b a n k b n d m a k e ; i h a l e f 100 e n e and f i e d i n e e a e f 3.07% e a n n m . I n e e i b e a i d n 11 A g e a c h e a i n h e a e a n i l e d e m i n a n d a l e b e a i d n 11 A g 2019. T h e n e a e n e c e d a n d a g e i n i n a l i n e i n h e n a i n a l i n e b a n k m a k e . A a 22 A g 2016, h e C m an m a d e h e e c n d i e i h a m n f 2.5 billi n i h a l e f 100 e n e a n d f i e d i n e e a e f 3.15% e a n n m a c c e f l l i e d b l i c l . I n e e i b e a i d n 22 n d A g e a c h e a i n h e a e a n i l e d e m i n a n d a l e b e a i d n 22 A g 2019. T h e n e a e n e c e d a n d a g e i n i n a l i n e i n h e n a i n a l i n e b a n k m a k e .
- (ii) A a 17 Oc be 2016, h e C m an i e d medi m- e m n e i h a m n f 2 billi n a f a c e a l e . T h e n e a m n a f e d e d c i n g h e i e f e e a 1,986,500,000. T h e medi m- e m n e a e i e d f g e n e a l c a e f i n a n c e e . T h e f i h e e i n e e b e a i n g e a a e a c c e d a n i n e e a e f 3.89% e a n n m a n d a e a i d a n n a l l f r o m Oc be 14, 2017 a n d h e C m an c a n c h e a d e f e d i n e e a m e n . F r o m h e f i h i n e e b e a i n g e a h e c n a e i e e e 3 e a . T h e medi m- e m n e h a e n f i e d e i d a e a n d m a b e e d e e m e d b h e C m an n a f e Oc be 14, 2019 a h e i n m i n a l a l e , g e h e i h a a m e n f a n a c c e d , n a i d d e f e d i n e e . B e f e h e e l e m e n f d e f e d i n e e (i n c l d i n g h e i n e e f d e f e d i n e e) , h e i e c a n n d i b e d i d e n d , e d c e c a i a l a n h e a m e n e c i e h a a e i n f e i h e m i d e m n e . A a e l f h e h l d e e e c i n c l a e , i h h e a i e f h e n e h l d e h e C m an i e f i e d a h e i n c i a l a n d i n e e i f h e C m an a n d b i d i a e h a i h l d i m e h a n 80% e f i h a f a i l e d e l e a n f i n a n c i a l i n i i n l a n d e e c e e d h e a g e e d a m n . T h e e f e , h e medi m- e m n e a e e a e d a l i a b i l i e .

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Long-term payables

	30 June 2017	31 December 2016
Financial Lease payable	303,625	323,920
Lease liabilities related to financing lease	(41,174)	(34,723)
Financial Lease payable - net	262,451	289,197
Payable minimum lease payments	120,789	120,789
Deferred liability	100,635	117,922
Others	21,034	1,464
Total	504,909	529,372

(1) Details of financial leasing payables

As at 30 June 2017, the total of the minimum lease payments under finance lease, which are based on contractual and conditional cash flows (including in the lease payments committed during the contractual lease term if a long, based on the cash flow on the balance sheet date), are as follows:

Minimum lease payments	30 June 2017	31 December 2016
Within 1 year (inclusive)	114,537	136,571
Over 1 year but within 2 years (inclusive)	251,829	287,267
Over 2 years but within 3 years (inclusive)	12,352	3,564
Over 3 years	39,444	33,089
Subtotal	418,162	460,491
Lease liabilities related to finance lease	(50,000)	(50,549)
Carrying amount	368,162	409,942

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

Notes to the Financial Statements

193

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Long-term payables (Continued)

(2) As at 30 June 2017, there is no amount due to the shareholders who hold 5% or more of the voting rights of the Company. Amount due to related parties is as follows:

Company name	Relationship with the Group	30 June 2017	31 December 2016
Shunde Fudi Real Estate Investment Co., Ltd. (Shunde Fudi)	Subsidiary's minority shareholder	120,789	120,789

41. Payables for specific projects

	31 December 2016	Change added	Change decrease	30 June 2017
Project fund	9,704	7,016	-	16,720

42. Deferred income

Name	31 December 2016	Change added	Change decrease	30 June 2017	Reason
Government grant (1)	829,742	44,700	(44,624)	829,818	Government Grant received, be recognized in deferred
Others	9,996	-	(3,164)	6,832	Other sale of real estate leasing receivable, be recognized in deferred
Total	839,738	44,700	(47,788)	836,650	

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Deferred income (Continued)

(1) Government grants

Project name	31 December 2016	Change added	Recognised amount	Other change	30 June 2017	Released amount / increase
Yantai Raffle National Delegation and Referral Committee in the election fund regarding project budget	200,000	-	-	-	200,000	Released amount
Enjincai income main	184,253	-	3,566	-	180,687	Released amount
Enjincai factory equipment	80,396	-	1,735	-	78,661	Released amount
Shanghai CIMC Vehicle Industry Garden Construction	54,052	-	651	-	53,401	Released amount
Ningbo China Marine Manufacturing Fund	38,000	-	-	-	38,000	Released increase
C&C Truck equipment build main	30,000	-	-	-	30,000	Released amount
TAS industrial base project	28,291	4,220	803	-	31,708	Released amount
Yantai Raffle Seehafen General Service Deepwater Dredging Platform (B) Innovation Special	26,504	-	-	-	26,504	Released increase
Taichang CIMC Special Logistics Equipment Company Limited	11,396	-	152	-	11,244	Released amount
TCCIMC land claim main	9,862	-	131	-	9,731	Released amount
CQLE Land grant fee refund	8,021	-	100	-	7,921	Released increase
Zhenhua Group and Piltan Group Special Equipment Construction and Industrial Investment and Construction in the face of CCHQ	7,844	-	450	-	7,394	Released amount
Special Equipment Construction and Industrial Investment and Construction in the face of CCHQ	8,000	-	917	-	7,083	Released amount
TAS information technology development special fund	7,348	-	351	-	6,997	Released amount
MEA-Hebei	6,301	-	-	-	6,301	Released increase
Enterprise financial mega deepwater floating production storage and offloading in the South China Sea	6,000	-	-	-	6,000	Released amount
MEA special fund industrial innovation	5,520	-	460	-	5,060	Released amount
KGR R&D fund	4,270	-	112	-	4,158	Released amount
Tanfan main project high-tech in Jiang Province Yanghe Region	2,256	-	113	-	2,143	Released amount
TAS technology development fund	886	-	48	-	838	Released amount
Equipment bid for XHCIMCS	17,362	-	17,362	-	-	Released amount
Equipment bid for Xinhi Midland Manufacturing	10,764	-	10,764	-	-	Released amount
Other	82,416	40,480	6,909	-	115,987	Released amount / increase
Total	829,742	44,700	44,624	-	829,818	

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Share capital

	31 December 2016 '000	Change in equity during the period '000	31 December 2016 '000	Change in equity during the period '000	30 June 2017 '000
Shares subject to trading restriction					
• Held by domestic shareholders	699	29			728
Shares not subject to trading restriction					
• RMB-denominated shares	1,261,301	1,747			1,263,048
• Foreign share liabilities	1,716,577				1,716,577
Total	2,978,577	1,776			2,980,353

	31 December 2015 '000	Change in equity during the period '000	31 December 2015 '000	Change in equity during the period '000	31 December 2016 '000
Shares subject to trading restriction					
• Held by domestic shareholders	866	21		(188)	699
Shares not subject to trading restriction					
• RMB-denominated shares	1,260,377	736		188	1,261,301
• Foreign share liabilities	1,716,577				1,716,577
Total	2,977,820	757			2,978,577

The above figures are in RMB1.00.

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other equity instruments

	31 December 2016	Change in balance	Other change in balance	Paid in capital	30 June 2017
Preference shares	2,049,035	-	35,908	(103,800)	1,981,143

	31 December 2015	Change in balance	Other change in balance	Paid in capital	31 December 2016
Preference shares	2,033,043	-	119,792	(103,800)	2,049,035

On 16 June 2015, the Group issued preference shares with a par value of 2,000 million. The net amount raised was 1,981,143,000 after deducting issuance costs. The proceeds were used for general corporate financing. The interest rate is 5.19% per annum payable quarterly in arrears. The interest is paid in cash and the Group can choose to defer the payments. After the first interest-bearing period, the company can choose to defer the payments for up to three years. This instrument has no dividend, and the Group can choose to buy back at the par value plus an accrued unpaid deferred interest after 16 June 2018. Before the redemption of deferred interest (including the interest of deferred interest), the interest can not be distributed, and the cash flow will be affected.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Capital surplus

	31 December 2016	Change in addition	Change in decrease	30 June 2017
Share premium	3,590,421	29,310		3,619,731
Other capital:				
Exchange difference in foreign currency	692			692
Defined contribution	257			257
Employee share-based payment	420,004	6,778	(12,103)	414,679
Capital development in restructured business	15,967	70		16,037
Capital development in restructured business	435,101	3,428		438,529
Decrease in minority equity investment in subsidiary (including subsidiary (including subsidiary))	900,031			900,031
Capital development decreasing	(42,696)			(42,696)
Capital development in minority shareholding	(246,669)		(78,103)	(324,772)
Capital development in restructured business	(58,964)			(58,964)
Effect of financial change	(406,795)			(406,795)
Capital development in restructured business	(51,925)			(51,925)
Recognized minority equity investment	(1,549,826)			(1,549,826)
Other	120,987			120,987
Total	3,126,585	39,586	(90,206)	3,075,965

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Capital surplus (Continued)

	31 December 2015	Change in addition	Change in decrease	31 December 2016
Share premium	3,577,648	12,773		3,590,421
Other capital:				
Exchange difference in foreign currency	692			692
Donation in cash	257			257
Equity-linked share-based payment	402,887	22,316	(5,199)	420,004
Capital decrease in reacquired subsidiary	14,275	1,692		15,967
Capital decrease in subsidiary's contribution	207,660	227,441		435,101
Decrease in minority equity in subsidiary subsidiary (in the consolidating financial statements)	899,128	903		900,031
Capital decrease during	(42,696)			(42,696)
Capital decrease during minority share's equity	(224,430)		(22,239)	(246,669)
Capital decrease in subsidiary's contribution	(58,964)			(58,964)
Effect of functional currency change	(406,795)			(406,795)
Capital decrease in shareholders' equity	(51,925)			(51,925)
Recognition of share-based payment received in minority share's equity	(1,249,826)		(300,000)	(1,549,826)
Other	113,952	7,035		120,987
Total	3,181,863	272,160	(327,438)	3,126,585

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Other Comprehensive Income

	For the period from 1 January to 30 June 2017					30 June 2017
	31 December 2016	Pre- tax income	Income tax	Finance income	Finance expense	
Items that are reclassified to profit or loss:						
• P&L reserve	43,754					43,754
• Change in fair value of available-for-sale financial assets	(3,344)	(113)	(128)	(241)		(3,585)
• Cash flow hedge	80	7,144	(1,072)	6,072		6,152
• Exchange difference arising from translating foreign currency	(164,200)	93,191		66,593	26,598	(97,607)
• Gain/(loss) from the difference between fair value and book value of non-trading investments in equity measured at fair value	481,051					481,051
	357,341	100,222	(1,200)	72,424	26,598	429,765

	Year 2016					31 December 2016
	31 December 2015	Pre- tax income	Income tax	Finance income	Finance expense	
Items that are reclassified to profit or loss:						
• P&L reserve	43,754					43,754
• Change in fair value of available-for-sale financial assets	(3,240)	(104)		(104)		(3,344)
• Cash flow hedge	(4,074)	4,887	(733)	4,154		80
• Exchange difference arising from translating foreign currency	(554,570)	462,287		390,370	71,917	(164,200)
• Gain/(loss) from the difference between fair value and book value of non-trading investments in equity measured at fair value	3,653	584,834	(83,825)	477,398	23,611	481,051
	(514,477)	1,051,904	(84,558)	871,818	95,528	357,341

Notes to the Financial Statements

201

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Surplus reserve

	31 December 2016	Change in addition	Change in decrease	30 June 2017
Surplus reserve	1,489,287	-	-	1,489,287
Dividend reserve	1,790,092	-	-	1,790,092
Total	3,279,379	-	-	3,279,379

	31 December 2015	Change in addition	Change in decrease	31 December 2016
Surplus reserve	1,413,486	75,801	-	1,489,287
Dividend reserve	1,790,092	-	-	1,790,092
Total	3,203,578	75,801	-	3,279,379

In accordance with the Company Law and the Company's Articles of Association, the Company shall allocate 10% of the profit after tax (including share options and other items of the Company) to the surplus reserve, and the Company can cease to allocate when the surplus reserve accumulated amount has 50% of the registered capital. The surplus reserve can be used to make the following increase of the paid-in capital.

The Company shall allocate from the dividend reserve after the shareholders' meeting a sum of the profit from the Board Decision. The dividend reserve can be used to make the following increase of the paid-in capital after the shareholders' meeting.

49. Undistributed profits

	Net	30 June 2017	31 December 2016
Undistributed profit at the beginning of the year		17,495,053	17,805,808
Add: net profit attributable to the shareholders and other items of the Company for the period		796,898	539,660
Less: Influence from exchange rate		(35,908)	(119,792)
Less: Allocation of profit		-	(75,801)
Less: Dividend payable	(1)	(179,835)	(654,822)
Undistributed profit at the end of the period		18,076,208	17,495,053

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has legal reference only)

IV NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Undistributed profits (Continued)

(1) Dividends of ordinary shares declared during the period

	30 June 2017	31 December 2016
Dividend declared but not declared	-	-
Total dividend in the period	179,835	654,822

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

50. Revenue and cost of sales

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

The above individual contribution percentages have been determined to be less than 10% of the total revenue.

Notes to the Financial Statements

203

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Revenue and cost of sales (Continued)

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

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

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

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

The revenue and cost of sales from main operations by location is determined on the basis of the location in which the service is provided or the goods are delivered.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

50. Revenue and cost of sales (Continued)

(3) Revenue and cost of sales from other operations

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

51. Taxes and surcharges

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	Tax base
Basic	44,238	24,768	3% and 5% fee
City maintenance and education	44,238	85,368	7% of VAT and basic
Land use tax	17,849	12,290	According to the local government
Education charge	35,470	62,541	3% and 5% of VAT and basic
Other	114,214	9,269	
Total	216,183	194,236	

52. Selling and distribution expenses

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

Notes to the Financial Statements

205

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

53. General and administrative expenses

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Employee benefits	1,004,200	783,266
Technology development	288,459	230,097
Performance bonus and retention bonus	165,200	49,872
Depreciation	134,408	149,922
Amortization	113,415	99,409
Agency fee	110,796	97,258
Rental	75,806	63,119
Leaseable and material consumption	49,006	30,969
Tax and charge	34,293	127,122
Share-based payment expense	9,583	19,889
Office rent, entertainment fee and other	382,873	331,378
Total	2,368,039	1,982,301

54. Financial expenses-net

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Interest expense	779,849	594,185
Lease liability borrowing cost	257,584	279,103
Lease interest income	117,661	97,294
Exchange (gain)/loss	111,742	(29,461)
Other	77,905	116,617
Total	594,251	304,944

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

55. Expenses by nature

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

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Finished goods and work-in-process inventory	(741,628)	(244,984)
Construction materials and depreciated and exhausted intangible assets, etc	24,492,423	16,685,627
Salaries and wages	3,216,847	2,129,005
Depreciation and amortization	1,152,911	1,242,346
Shipping and handling charges	560,202	411,149
Financial expenses	594,251	304,944
Rental	130,874	130,385
Technological development	288,459	230,097
Printing and mailing expenses	294,912	211,604
Provision	283,549	180,553
Selling expenses	149,651	57,393
Other expenses, other manufacturing expenses	164,295	234,324
Other expenses, selling and distribution expenses	209,567	291,869
Other expenses, general and administrative expenses	663,795	585,558
	31,460,108	22,449,870

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

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Financial assets at fair value through profit or loss		
Change in fair value during the period		
1. Profit from change in fair value of equity instruments held for trading	29,834	944
2. Profit/(Loss) from change in fair value of debt and equity financial instruments	(73,769)	(136,647)
Profit/(Loss) from recognized financial assets at fair value through profit or loss	1,830	141,409
Subtotal	(42,105)	5,706
Financial liabilities at fair value through profit or loss		
Change in fair value during the period		
1. Profit/(Loss) from change in fair value of debt and equity financial instruments	9,479	131,398
Total	(32,626)	137,104

Notes to the Financial Statements

207

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Investment income

Investment income by categories

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

58. Asset impairment losses

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

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has legal reference only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

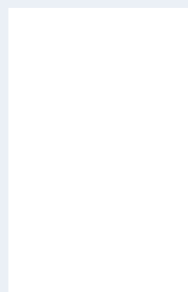
59. Other Income

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

60. Non-operating income

(1) Non-operating income by categories:

For the Period
from 1 January
to 30 June 2017



Notes to the Financial Statements

209

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

61. Non-operating expenses

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	Amount recognized in non-recurring financial statements from 1 January to 30 June 2017
Leasehold intangible assets	17,388	9,485	17,388
Including: Leasehold fixed assets	17,388	9,485	17,388
Leasehold intangible assets	-	-	-
Damages	352	393	352
Penalties	1,699	380	1,699
Commissions	11,486	989	11,486
Abnormal losses	679	664	679
Others	800	2,234	800
Total	32,404	14,145	32,404

62. Income tax expenses

	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Current income tax calculated based on taxable and related expenses	499,609	262,989
Deferred income tax	10,024	112,327
Total	509,633	375,316

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Income tax expenses (Continued)

Reconciliations between income tax expense and accounting profit are as follows:

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Profit before tax	1,576,142	(165,844)
Income tax expense calculated at applicable rate	395,233	338,676
Effect of incentives	(63,499)	(46,248)
Enterprises deductible foreign income	20,714	32,243
Other income tax adjustments	(90,621)	(74,525)
Utilization of deferred tax assets	(5,941)	(7,695)
Tax effect of unrecognized liabilities	112,902	38,339
Deductible temporary difference from which a deferred tax asset is recognized in the future	142,126	95,650
Effect of exchange rate on deferred tax	(735)	-
Tax effect of income tax annual filing	(546)	(1,124)
Income tax expense	509,633	375,316

63. 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:

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Consolidated profit attributable to ordinary shareholders and the effect of the Company	796,898	(378,034)
Influence of the issuing of new shares	(35,908)	(51,900)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	760,990	(429,934)
Weighted average number of ordinary shares outstanding ('000)	2,979,059	2,978,120
Basic earnings per share (RMB/share)	0.2554	(0.1444)
Including: Including non-basic earnings per share	0.2554	(0.1444)

Notes to the Financial Statements

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Earnings per share (Continued)

(2) Diluted earnings per share

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

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Consolidated profit attributable to ordinary shareholders and the minority interest of the Company	796,898	(378,034)
Influence of the issuing of restricted shares	(35,908)	(51,900)
Effect of the dilutive potential ordinary shares	(1,371)	-
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	759,619	(429,934)
Weighted average number of ordinary shares outstanding (diluted) ('000) (adjusted)	2,986,410	2,978,120
Diluted earnings per share (RMB/ share)	0.2544	(0.1444)

() ()

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

The bad debt of the Company amounted to RMB60,000,000 (2.01% of the total amount of RMB2,980,352,786) as of the end of the reporting period.

Notes to the Financial Statements

213

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

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

(4) Cash received related to other financing activities

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Cash aid from financing minority interest	81,616	22,272
Cash aid from borrowing	-	98,104
Total	81,616	120,376

65. Information to cash flow statement

(1) Supplementary information to the consolidated cash flow statement

(1) Information to cash flow statement of the consolidated financial statements

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Net profit	1,066,509	(541,160)
Add: Provision for impairment	234,437	1,267,501
Decrease in deferred tax	916,498	1,056,717
Amortization of intangible assets	175,734	121,062
Amortization of intangible assets and long-term prepaid expenses	60,679	64,902
Lease liability deferred assets, intangible assets and long-term assets	(13,739)	3,332
(Gain)/loss on change in fair value Financial	404,604	217,788
Income tax income	10,628	87,328
Share-based payment expense	9,583	19,889
Increase in deferred tax	(19,246)	59,293
Increase in deferred liabilities	30,470	1,491,247
(Increase)/decrease in inventory	922,591	644,176
Decrease in prepayable	(6,337,636)	(5,172,278)
Increase/(decrease) in prepayable	1,838,046	1,751,039
Net cash flow from operating activities	(668,216)	933,732

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Information to cash flow statement (Continued)

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

(1) Cash and cash equivalents

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

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

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

(3) Cash and cash equivalents

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

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

Notes to the Financial Statements

215

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Monetary items denominated in foreign currency

	30 June 2017		
	Functional currency (in thousands)	Exchange Rate	in RMB
Monetary items			
USD	120,552	6.7744	816,665
HKD	289,640	0.8679	251,384
AUD	15,237	5.2099	79,381
THB	12,960	5.0155	65,000
GBP	16,912	8.8144	149,070
EUR	198,198	7.7496	1,535,952
JPY	403,637	0.0605	24,414
Others			138,215
			3,060,081
Accounts receivable			
USD	1,830,416	6.7744	12,399,969
HKD	38,799	0.8679	33,674
JPY	439,547	0.0605	26,586
AUD	8,411	5.2099	43,820
EUR	102,610	7.7496	795,188
Others			722,795
			14,022,032
Other receivable			
USD	152,854	6.7744	1,035,494
HKD	36,344	0.8679	31,544
EUR	8,620	7.7496	66,804
Others			120,305
			1,254,147
Long-term receivable			
USD	1,495,164	6.7744	10,128,838
GBP	27,827	8.8144	245,276
Others			22,092
			10,396,206

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Monetary items denominated in foreign currency (Continued)

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

Notes to the Financial Statements

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation Reference Only)

V. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combinations involving enterprises not under common control

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

2. Disposal of subsidiaries

There is no disposal of subsidiaries during the period.

VI. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

All subsidiaries of the Group are established according to the local laws and regulations in the respective countries. The information of subsidiaries held by the Group is as follows:

As at 30 June 2017, the non-fully owned subsidiaries included in the consolidated financial statements added 621. Except for the wholly owned subsidiary listed below, the non-fully owned subsidiaries held by the Group are 360, of which the paid-in capital amounting to 758,912,000. The subsidiary mainly included those engaged in manufacturing services in China, which have relatively small scale of operation and the paid-in capital amount to 20 million USD. The subsidiary also included those in the emerging industries in Hong Kong, British Virgin Islands and other overseas countries.

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination

(i) Subsidiaries established

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and	Shareholding information (of bonds)	Shareholding percentage (%)	
							Direct	Indirect
1. Shen hen Shejia CIMC Container Manufacturing Co., Ltd. (SCIMC)	Business	Shen hen, Guangdong	Shen hen, Guangdong	Manufacturing and sales of containers	RMB180,000,000	100%	100%	

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
9	Yang h R n ang L gi ic E i men C .,L.d.(YZRYL)	Business entity	Yang h , Jiang	Yang h , Jiang	Manufacturing and sale of machinery	USD20,000,000	100.00%	100.00%
10	Shanghai CIMC Yang h an L gi ic E i men C .,L.d.(SHYSLE)	Business entity	Shanghai	Shanghai	Manufacturing and sale of machinery and electrical equipment	USD29,480,000	100.00%	100.00%
11	Shanghai CIMC Reefe C n aine C .,L.d.(SCRRC)	Business entity	Shanghai	Shanghai	Manufacturing and sale of foreign and domestic ice cream; foreign and domestic ice cream; foreign and domestic ice cream; foreign and domestic ice cream	USD31,000,000	72.00%	20.00%
12	Nan ng CIMC S eial Tan ain E i men Man fac e C .,L.d.(NTCIMCS)	Business entity	Nan ng, Jiang	Nan ng, Jiang	Manufacturing and sale of machinery, electrical equipment and machinery	USD10,000,000	71.00%	71.00%
13	Xinh i CIMC S eial Tan ain E i men C .,L.d.(XHCIMCS)	Business entity	Jiangmen, G angd ng	Jiangmen, G angd ng	Manufacturing and sale of machinery, electrical equipment and machinery	USD65,499,000	19.01%	80.99%
14	Nan ng CIMC Tank E i men C .,L.d.(NTCIMCT)	Business entity	Nan ng, Jiang	Nan ng, Jiang	Manufacturing and sale of machinery, electrical equipment and machinery	USD35,000,000	70.79%	70.79%
15	Dalian CIMC Rail a E i men C .,L.d.(DLCIMCS)	Business entity	Dalian, Lia ning	Dalian, Lia ning	Design, manufacturing and sale of railway freight cars	USD20,000,000	55.00%	45.00%
16	Nan ng CIMC La ge i ed Tank C .,L.d.	Business entity	Nan ng, Jiang	Nan ng, Jiang	Design, manufacturing and sale of tank and general engineering	USD47,700,000	70.79%	70.79%
17	Shen hen CIMC S eial Vehicle C .,L.d.(CIMCSV)	Business entity	Shen hen, G angd ng	Shen hen, G angd ng	Design, manufacturing and sale of special vehicle, electrical equipment and machinery	RMB200,000,000	63.33%	63.33%

Notes to the Financial Statements

For the period ended from January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(continued from page 219)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
18	Qingda CIMC Special Vehicle Co., Ltd. (QDSV)	Business entity	Qingda, Shandong	Qingda, Shandong	Development, production and sale of special-vehicle, engineering vehicle, all-terrain vehicle and other	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 logistic and lifting equipment	RMB3,000,000	-	100.00%
20	Shanghai CIMC Vehicle Logistics Equipment Co., Ltd. (SHL)	Business entity	Shanghai	Shanghai	Development, production, sale and maintenance of special-vehicle, engineering and other facilities	RMB90,204,100	-	63.33%
21	Shenzhen CIMC Wodong Co., Ltd. (CIMC Wodong)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Production and sale of container and related products; other services	RMB30,000,000	12.00%	88.00%
22	CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Business entity	Yingkou, Liaoning	Yingkou, Liaoning	Development and production of special-vehicle, all-terrain vehicle and other; other services	RMB60,000,000	-	63.33%
23	Tianjin P&G CIMC Zhenhua Logistics Co., Ltd. (Tianjin P&G CIMC)	Business entity	Tianjin	Tianjin	Import 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 special-vehicle, all-terrain vehicle and other; other services	RMB50,000,000	-	47.50%
25	Ganxi CIMC Hainan Vehicle Co., Ltd. (GSHJ)	Business entity	Baifeng, Ganxi	Baifeng, Ganxi	Refining of special-vehicle, manufacturing of all-terrain vehicle and other; automobile financing; other services	RMB25,000,000	-	63.33%

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
26	Xinhai CIMC Commercial Marine Manufacturing Co., Ltd. (XHCM)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Production, development, processing and sale of various marine products, including marine machinery, electrical equipment, etc.	RMB129,000,000	100.00%	63.33%
27	Qingdao CIMC Electric Equipment Co., Ltd. (QDHB)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Development, manufacturing, sale and service of various electrical equipment, including transformers, power cables, etc.	RMB137,930,000	100.00%	63.33%
28	Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Business entity	Shanghai	Shanghai	Development and production of various types of special vehicles, including forklifts, etc.	RMB10,000,000	100.00%	63.33%
29	CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Finance leasing business; direct and indirect financial leasing; direct and indirect financing business.	USD70,000,000	75.00%	25.00%
30	Qingdao Refrigeration Equipment Co., Ltd. (QDRV)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacturing and sale of various types of refrigeration equipment, including refrigerators, air conditioning units, etc.	USD29,405,000	100.00%	76.44%
31	Nanjing CIMC Tank Equipment Co., Ltd. (NTCY)	Business entity	Nanjing, Jiangsu	Nanjing, Jiangsu	Production of various types of tanks, including special tanks, storage tanks, etc.	RMB69,945,600	100.00%	70.79%
32	Shenzhen CIMC Tianda Air Separation Co., Ltd. (TAS)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Production and sale of various types of air separation equipment, including air separation units, etc.	USD13,500,000	100.00%	54.70%
33	Xinhai CIMC Welding Co., Ltd. (XHCIMCW)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Production and sale of various types of welding equipment, including welding machines, etc.	USD15,500,000	100.00%	100.00%

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Prevailing Reference Only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
34	Inne_Ming Lia H I nb i CIMC W d C., L.d. (NMGW)	Business entity	Inne_Ming Lia	Inne_Ming Lia	Production and sale of various types of containers and related accessories	RMB259,520,000	100.00%	100.00%
35	Jiaing CIMC W d C., L.d. (JXW)	Business entity	Jiaing, Zhejiang	Jiaing, Zhejiang	Production and sale of various types of containers and related accessories	USD5,000,000	100.00%	100.00%
36	Shenhen Special CIMC Container Service C., L.d. (SCIMCL)	Business entity	Shenhen, Guangdong	Shenhen, Guangdong	Engaged in container handling, stacking, de-stacking, stacking, mainenance	USD5,000,000	100.00%	100.00%
37	Ningbo CIMC Container Service C., L.d. (NBCIMCL)	Business entity	Ningbo, Zhejiang	Ningbo, Zhejiang	Goods handling, packaging, weighing, weighing and logistic services	RMB30,000,000	100.00%	100.00%
38	CIMC Shenfa Deelmen C., L.d. (CIMC SD)	Business entity	Shanghai	Shanghai	Import and export of various types of containers and related accessories	RMB204,123,000	98.53%	1.47%
39	CIMC Vehicle (Xinjiang) C., L.d. (SJ4S)	Business entity	Urumqi, Xinjiang	Urumqi, Xinjiang	Production and sale of mechanical equipment and related accessories	RMB80,000,000	63.33%	63.33%
40	CIMC Vehicle (Guangdong) C., L.d. (HI)	Business entity	Shenhen, Guangdong	Shenhen, Guangdong	Development and production of high-tech and high-performance special vehicle and related accessories	USD212,225,100	44.33%	19.00%
41	Qingda CIMC Special Reefer C., L.d. (QDCSR)	Business entity	Qingda, Shandong	Qingda, Shandong	Manufacture of various types of semi-trailers and related accessories	USD39,184,100	100.00%	100.00%
42	Tianjin CIMC Logistic Equipment C., L.d. (TJCMCLE)	Business entity	Tianjin	Tianjin	Design, manufacture, sale, mainenance and related technical services of logistic equipment and related accessories	USD10,000,000	83.50%	83.50%

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
43	Dalian CIMC Logistic Equipment Co., Ltd. (DLL)	Business entity	Dalian, Liaoning	Dalian, Liaoning	Design, manufacture, maintenance and electrical equipment in industrial, energy, logistics equipment and electrical	USD14,000,000	-	100.00%
44	Chongqing CIMC Logistic Equipment Co., Ltd. (CQLE)	Business entity	Chongqing	Chongqing	Design, manufacture, lease, maintenance, special maintenance, logistics equipment and electrical equipment	USD8,000,000	75.00%	25.00%
45	Dalian CIMC Heat Treatment Equipment Co., Ltd. (DLZH)	Business entity	Dalian, Liaoning	Dalian, Liaoning	Industrial, energy; design, manufacture, sale and electrical equipment;	USD45,170,000	62.70%	37.30%
46	Shenzhen CIMC Intelligent Technology Co., Ltd. (CIMC Tech)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Design, development, sale, lease, telecommunication equipment and equipment	RMB66,388,889	62.96%	9.04%
47	CIMC Taicang Engineering Equipment Co., Ltd. (TCCRC)	Business entity	Taicang, Jiangsu	Taicang, Jiangsu	Research and development, production and sales of special equipment	RMB450,000,000	-	100.00%
48	Henan CIMC Bamboo Industry Development Co., Ltd. (HNW)	Business entity	Sining, Henan	Sining, Henan	Manufacturing and sales of bamboo products	RMB28,000,000	-	100.00%
49	CIMC Jidong (Qinhuangdao) Vehicle Manufacturing Co., Ltd. (QHJV)	Business entity	Qinhuangdao, Hebei	Qinhuangdao, Hebei	Sales of cars and spare parts	RMB70,000,000	-	47.50%
50	Shenzhen Shichang CIMC Logistic Co., Ltd. (SCLG)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Design and development of chemical & equipment technology and equipment	RMB80,000,000	-	100%

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text has primary reference only)

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

Notes to the Financial Statements

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

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
						Direct	Indirect
60 Chengde CIMC Industrial Park Investment and Development Co., Ltd. (Chengde Industrial Park)	Business	Chengde, Sichuan	Chengde, Sichuan	Construction, management and lease of storage and electric facilities; sale of vehicle and accessories	RMB60,000,000	-	63.33%
61 CIMC Finance Company (Finance Company)	Business	Shenzhen, Guangdong	Shenzhen, Guangdong	Providing financial services	54,100 (Finance F/Fe(Shenzhen),371)0	0.0212	Td(Providing b 3Fia)Tj ne he G

Notes to the Financial Statements

Financial statements from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Translation in Reference Only)

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
						Direct	Indirect
78 D ngg an Cimc Inn a i n Ind al Pak De el men C ., L.d. (D ngg an inn a i n a k)	Bl ine en i	D ngg an,	G angd ngP emi e P emi e infr,				

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
96	Dongguan CIMC Special Vehicle Co., Ltd. (Dongguan CIMC Special Vehicle)	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Development, production and sale of special-use vehicle, engineering vehicle, special vehicle, trailer etc.	RMB200,000,000	-	63.33%
97	Guangdong CIMC Vehicle Industry Garden (Guangdong Vehicle Industry Garden)	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Project investment, real estate development, production and sale of hardware	RMB30,000,000	100%	-
98	Zhenhua (Tianjin) Chain Management Co., Ltd. (Zhenhua Chain Management)	Business entity	Tianjin	Tianjin	Washing service; Logistics Distribution and loading, unloading, handling service	RMB79,475,000	-	75.00%
99	CIMC Technology Co., Ltd. (Jiangmen CIMC Technology)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Intelligent equipment technology development and industrial investment	RMB50,000,000	-	100.00%
100	Shenzhen CIMC Vehicle Park Investment Management Co., Ltd. (Shenzhen Vehicle Park)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment management, asset management	RMB152,500,000	-	63.33%
101	CIMC Mide L Logistics Development Co., Ltd. (Mide L Logistics)	Business entity	Tianjin	Tianjin	International and domestic freight forwarding, general and CIQ affairs	RMB1,049,226,700	100.00%	-
102	Dongguan Shejia CIMC Logistics Equipment Manufacturing Co., Ltd. (Dongguan Shejia CIMC)	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Manufacturing and sales of various kinds of equipment, packaging equipment etc.	RMB600,000,000	-	100.00%
103	Ningbo CIMC Chinae Manufacturing Co., Ltd. (Ningbo Chinae Manufacturing)	Business entity	Ningbo	Ningbo	Manufacturing, production and sale of Chinae	RMB500,000,000	-	100.00%
104	Shenzhen CIMC Peng Feng Venture Investment Co., Ltd. (Peng Feng Venture Investment)	Business entity	Shenzhen	Shenzhen	Investment	RMB50,000,000	-	100.00%

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
105	Shen hen Thae H a Zh Y e In e men C .,LTD (Shen hen Thae H a Zh Y e)	B ine en i	Shen hen	Shen hen	In e men h lding	RMB30,000,000	✓	66.24%
106	G angd ng H i Zh ng Da La e e i men c .,LTD (G angd ng La e e i men)	B ine en i	Jiangmen	Jiangmen	Man fac e fla e e i men	RMB31,800,000	19.01%	80.99%
107	Yang h CIMC H ng Real E ae C .,L.d.(Yang h H ng Real E ae)	B ine en i	Yang h	Yang h	Real e ae de el men ; ale and lea e f e ie in e men in e ie	RMB25,000,000	✓	82.00%
108	Yang h CIMC Da Real E ae C .,L.d.(Yang h Da Real E ae)	B ine en i	Yang h	Yang h	Real e ae de el men ; ale and lea e f e ie	RMB25,000,000	✓	82.00%
109	Yang h CIMC Ha H el In e men C .,L.d.(Yang h Ha H el)	B ine en i	Yang h	Yang h	F d and be e age e ice, c ae managemen ; ad i and in e men managemen	RMB35,000,000	✓	82.00%
110	Taicang CIMC S ecial L gi ic E i men C .L.d.(Taicang S ecial E i men)	B ine en i	Taicang, Jiang	Taicang, Jiang	P d c in and man fac e f ecial c n aine e i men	USD20,000,000	50.00%	50.00%
111	Zheng h C n an Embelli h.Ene.g C .,LTD (Zheng h C n an Ene.g)	B ine en i	Zheng h	Zheng h	A e managemen	RMB43,000,000	✓	66.00%
112	CIMC En ic In e men H lding (Shen hen) L.d.(En ic Shen hen in e men h lding)	B ine en i	Shen hen	Shen hen	In e men h lding	USD80,000,000	✓	70.73%
113	Zhangjiagang CIMC Sanc m C e genic E i men Machine C .,L.d.(Sanc m C e genic)	B ine en i	Zhangjiagang	Zhangjiagang	Man fac e, ce and ale f c e genic e i men, e le m chemical e i men men al d c and ale an a ; ale ad ad i e ice	RMB30,000,000	✓	63.66%

Notes to the Financial Statements

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

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information
------	----------	-----------------------	------------------	----------------	--

Notes to the Financial Statements

233

Financial statements from 1 January and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Translation - Reference Only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1)

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
137	China Ra H Iding Limited (China Ra)	Business	Hong Kong, China	Hong Kong, China	Intermen holding	HKD10,000	70.73%	
138	China Beate Limited (China Beate)	Business	British Virgin Island	British Virgin Island	Intermen holding	USD50,000	63.33%	
139	Shanghai H Iding Limited (Shanghai)	Business	Hong Kong, China	Hong Kong, China	Intermen holding	HKD1	100.00%	
140	Sandwinne H Iding Limited (Sandwinne)	Business	British Virgin Island	British Virgin Island	Intermen holding	USD50,000	70.73%	
141	Guo Ra id Limited (Guo Ra id)	Business	Hong Kong, China	Hong Kong, China	Intermen holding	HKD1	100.00%	
142	Pelead H Iding Ltd. (Pelead)	Business	British Virgin Island	British Virgin Island	Intermen holding	USD10	100.00%	
143	Ceale Vela U.A.	Business	Holland	Holland	Intermen holding	EUR75,000,000	70.73%	
144	Vela H Iding B.V.	Business	Holland	Holland	Intermen holding	EUR90,000	70.73%	
145	CIMC Financial Leasing (HK) Co. Ltd.	Business	Hong Kong, China	Hong Kong, China	Financial Leasing	HKD500,000	100.00%	
146	CIMC Offshore H Iding Limited (CIMC Offshore)	Business	Hong Kong, China	Hong Kong, China	Intermen holding	HKD2,234,855,000	100.00%	
147	Ceale CIMC U.A. (COOP)	Business	Holland	Holland	Intermen holding	EUR25,500,000	99.00%	1.00%
148	North Sea Rig Holding (NSR)	Business	British Virgin Island	British Virgin Island	Financial leasing - joint management	USD6,000	91.50%	

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
149	Hong Kong CIMC Tianda Aier (S) Ltd. (TAS Hong Kong)	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1,000,000	-	54.70%
150	CIMC Deermen (Australia) Pty Ltd (Deermen Australia)	Business entity	Australia	Australia	Investment holding	AUD8,000,000	-	100.00%
151	Beach Holding Group Ltd (Beach Holding)	Business entity	British Virgin Island	British Virgin Island	Financial leasing management	USD4,900	-	100.00%
152	Lihualgic Company Limited (Lihualgic)	Business entity	Hong Kong, China	Hong Kong, China	Logistics	USD4,850,000	-	75.00%
153	Beach Pacific Group Ltd (Beach Pacific)	Business entity	British Virgin Island	British Virgin Island	Financial Leasing management	USD42,500,000	-	100.00%
154	CIMC Holding Australia Pty Ltd (Holding Australia)	Business entity	Australia	Australia	Investment holding	AUD8,724,000	-	63.33%
155	CIMC Tailorland SPZ (Tailorland SPZ)	Business entity	Poland	Poland	Investment holding	EUR3,000,000	-	63.33%
156	CIMC FORTUNE HOLDINGS LIMITED (Fortune Holding)	Business entity	Hong Kong	Hong Kong	Financial Service	USD2,000,000	100.00%	-
157	CIMC MBS Hong Kong Limited (MBS(HK))	Business entity	Hong Kong	Hong Kong	Investment holding	HKD50,000	-	100.00%
158	CIMC Middle Building Service (Australia) Pty Ltd (MBS AU)	Business entity	Australia	Australia	Management	AUD500,000	-	100.00%

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

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

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
						Direct	Indirect
1. Liang CIMC Ling Automobile CO., LTD. (LYV)	Business entity	Liang, Henan	Liang, Henan	Production and sale of passenger cars, truck chassis; machining; repair and maintenance	RMB122,745,700	-	45.26%
2. Wuhai CIMC Ruijiang Automobile CO. LTD. (WHVS)	Business entity	Wuhai, Anhui	Wuhai, Anhui	Development, production and sale of special vehicle, special mechanical production and metal processing	RMB161,786,100	-	45.76%
3. Liangshan Dongfeng Vehicle Co., Ltd. (LSDYV)	Business entity	Liangshan, Shandong	Liangshan, Shandong	Production and sale of mining truck, special vehicle and components and accessories	RMB90,000,000	-	44.39%
4. Qingdao CIMC Container Manufacturing Co., Ltd. (QDCC)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacturing and sales of container, processing and manufacturing of special mechanical parts, casting and welding	USD27,840,000	-	100.00%
5. Qingdao CIMC Reefec Container Manufacturing Co., Ltd. (QDCRC)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacturing and sales of refrigeration and heating equipment for refrigeration container, refrigeration container and heating equipment; including maintenance services	USD86,846,680	-	100.00%
6. Tianjin CIMC North Ocean Container Co., Ltd. (TJOCIMC)	Business entity	Tianjin	Tianjin	Manufacturing and sales of container, vehicle and heavy special equipment for container	USD15,469,300	47.50%	52.50%
7. Shanghai CIMC Baoshell Industrial Co., Ltd. (SBWI)	Business entity	Shanghai	Shanghai	Manufacturing and sales of container, automobile	USD28,500,000	-	94.74%
8. CIMC Vehicle (Group) (Shandong) Co., Ltd. (KGR)	Business entity	Zhangji, Shandong	Zhangji, Shandong	Development and manufacturing of special cars and heavy equipment	USD18,930,100	-	55.10%

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
17	Shijiahe Langfang Enji Gas Equipment Co., Ltd. (Shijiahe Langfang Enji)	Business entity	Shijiahe, Hebei	Shijiahe, Hebei	Manufacturing of gas equipment	USD32,000,000	-	70.73%
18	Enji (Langfang) Energy Equipment Investment Co., Ltd. (Langfang Enji)	Business entity	Langfang, Hebei	Langfang, Hebei	Manufacturing and trading of Energy Equipment investment	HKD115,000,000	-	70.73%
19	Enji (Beijing) Energy Technology Co., Ltd. (Beijing Enji)	Business entity	Beijing	Beijing	Manufacturing and trading of Energy Equipment investment	HKD40,000,000	-	70.73%
20	CIMC Enji (Jingmen) Energy Equipment	Business entity	Jingmen, Hebei	Jingmen, Hebei	Sale of chemical and gas machinery and equipment; sale of chemical machinery; sale of chemical machinery and equipment; sale of chemical machinery	HKD50,000,000	-	70.73%
21	Jingmen Heng Special Aircraft Manufacturing Co., Ltd. (Jingmen Heng)	Business entity	Jingmen, Hebei	Jingmen, Hebei	Development and production of aircraft manufacturing technology, design, production and specialized maintenance of aircraft and gas equipment	RMB100,000,000	-	56.58%
22	Ningde CIMC Wode Co., Ltd. (NGCIMCW)	Business entity	Ningde, Anhui	Ningde, Anhui	Production and sale of fireproof doors, fireproof windows and fireproof curtains; production and sale of fireproof doors	RMB9,884,600	-	60.00%
23	Yantai CIMC Raffles Holdings Ltd. (YCRO)	Business entity	Yantai, Shandong	Yantai, Shandong	Construction; Design, production, production, production and production of fireproof doors	RMB2,291,190,000	-	97.89%

Notes to the Financial Statements

For the period ended from January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Translation Reference Only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(continued from page 239)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
24	Yantai CIMC Raffle Shipping Co., Ltd. (YCRS)	Business entity	Yantai, Shandong	Yantai, Shandong	Container handling, warehousing and distribution; leasing of containers and other related services	RMB125,980,000	100%	83.47%
25	Haiyang CIMC Raffle Shipping Co., Ltd. (HCRO)	Business entity	Haiyang, Shandong	Haiyang, Shandong	Container handling; distribution of containers and other related services	RMB200,000,000	100%	97.89%
26	Lingyi CIMC Raffle Shipping Engineering Co., Ltd. (LCRO)	Business entity	Lingyi, Shandong	Lingyi, Shandong	Container handling and other related services	RMB290,000,000	100%	97.89%
27	Shandong Maersk Special Vehicle Manufacturing Co., Ltd. (SDMV)	Business entity	Jining, Shandong	Jining, Shandong	Manufacturing and sales of trucks, special vehicles and containers and other related services	RMB66,000,000	100%	44.39%
28	Xinfa Aircraft Equipment Co., Ltd. (Xinfa Aircraft)	Business entity	Beijing	Beijing	Manufacturing and sales of aircraft parts	RMB25,000,000	100%	38.29%
29	Yangjiang Shangdong Film Real Estate Co., Ltd. (YJFR)	Business entity	Yangjiang, Guangdong	Yangjiang, Guangdong	Real estate development and operation; planning and construction of film and television studios and other related services	RMB10,000,000	100%	49.20%
30	Nanjing Yangji Pei Chemical Design & Engineering Co., Ltd. (Yangji Pei Chemical)	Business entity	Nanjing, Jiangsu	Nanjing, Jiangsu	Production of chemical products	RMB88,000,000	100%	70.73%

Notes to the Financial Statements

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

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

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
40	Zhenh a D ngjiang (Tianjin) C ., L.d. (Zhenh a D ngjiang (Tianjin))	Business Enterprise	Tianjin	Tianjin	Communication and special freight	RMB50,000,000	75.00%	
41	Tianjin Zhenh a In e .a i nal Trade B nded Wah ing (Tianjin Zhenh a Trade B nded)	Business Enterprise	Tianjin	Tianjin	Customs agency service	RMB5,628,800	75.00%	
42	B .gan ine Se .ice (Shen hen) C ., L.d. (Shen hen B .gan ine)	Business Enterprise	Shen hen, G angd ng	Shen hen, G angd ng	Provide container and handling service and related technical	HKD7,500,000	70.00%	
43	B .gan ine Se .ice (Shanghai) C ., L.d. (Shanghai B .gan ine)	Business Enterprise	Shanghai	Shanghai	Container handling, mechanical handling, maintenance service	USD513,000	70.00%	
44	Tianjin .f ee ade ne Kaichang							

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
48	Riji Logistics (Wuhan) Co., Ltd. (武汉日吉物流有限公司)	Business entity	Wuhan, Anhui	Wuhan, Anhui	Sale and agency of various kinds of heavy-duty special-vehicle, engineering machine.	RMB20,492,100	-	83.12%
49	C&CTrack Co., Ltd. (C&CTrack)	Business entity	Wuhan, Anhui	Wuhan, Anhui	Sale and agency of various kinds of heavy-duty special-vehicle, engineering machine.	RMB1,100,000,000	70.06%	-
50	Anhui FeiCai (Group) Co., Ltd. (Anhui FeiCai Group)	Business entity	Xiangcheng, Anhui	Xiangcheng, Anhui	Manufacture and sale of agricultural machinery, agricultural machine and spare parts.	RMB158,000,000	-	70.06%
51	Liaoning Hahenleng Gailifacien Engineering Co., Ltd. (Hahenleng Engineering)	Business entity	Liaoning	Liaoning	Natural gas liquefaction equipment, CBM liquefaction equipment; design, production and sale of steel pipes, valves, etc.	RMB50,000,000	-	42.47%
52	Sin-W Jink (Beijing) Investment Co., Ltd. (Sin-W Jink Investment)	Business entity	Beijing	Beijing	Investment management; asset management; investment advisory; consulting management.	RMB35,000,000	-	50.00%
53	Sin-W Jink (Beijing) International Logistics Co., Ltd. (Sin-W Jink Beijing Logistics)	Business entity	Beijing	Beijing	International freight forwarding, general cargo handling.	RMB30,000,000	-	50.00%
54	Qingda Leda Chemical Co., Ltd. (Qingda Leda Chemical)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Production and sale of ethanol; processing and sale of fiber and latex; sale of all kinds of chemical products.	RMB30,000,000	-	70.00%
55	KTI Ge Co., Ltd. (Zhenghe KTI Ge)	Business entity	Henan, Zhengzhou	Henan, Zhengzhou	Designing and manufacturing of agricultural machine.	RMB20,000,000	-	54.70%

Notes to the Financial Statements

F he e id a ed f m 1 Jan a and ended 30 J ne 2017

(All am n in RMB'000 nle he ie a ed)

(Engli h Tan la i n f e fe e nce Onl)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
56	CIMC R lling S ck A alia P L d. (CIMCA)	B ine en i	A alia	A alia	Sale f ehicle	AUD50,000	✓	63.33%
57	En ic Ene g E i men H lding Limi ed (En ic)	B ine en i	Ca man l land	Ca man l land	In e men h lding	HKD1,936,838,008 HKD0.01 e ha e	✓	70.73%
58	B g Ind ie B.V.	B ine en i	H lland	H lland	In e men h lding	EUR841,267	✓	100.00%
59	CIMC ENRIC Tank and P ce B.V.	B ine en i	H lland	H lland	In e men h lding	EUR20,000,000	✓	70.73%
60	Ziemann H l ieka B.V.	B ine en i	H lland	H lland	Sale f ank e i men	EUR136,200	✓	70.73%
61	Ziemann H l ieka In e pa i nal B.V.	B ine en i	H lland	H lland	P d c i n, a embl and ale f ank e i men	EUR682,500	✓	70.73%
62	P e i Gl bal Sdn. Bhd (P e i Gl bal Sdn. Bhd)	B ine en i	Mala ia	Mala ia	Sale e ice	MYR8,000,000	✓	78.14%
63	N dk el B.V.	B ine en i	H lland	H lland	Sale f ank e i men	EUR500,000	✓	70.73%
64	Behee ma a cha i j B g B.V.	B ine en i	H lland	H lland	In e men h lding	EUR123,155.95	✓	100.00%
65	B g Ca e ie B.V.	B ine en i	H lland	H lland	P d c i n f ad an ehicle	EUR18,151,21	✓	63.33%
66	E l ia i ma a cha i j In a g e B.V.	B ine en i	H lland	H lland	Tade, financing and lea ing f ad an ehicle	EUR15,925	✓	63.33%
67	H b T en e B.V.	B ine en i	H lland	H lland	P d c i n and ale f il and c m n en and a	EUR45,378.02	✓	100.00%

Notes to the Financial Statements

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

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
68	B g Service B.V.	Business entity	Holland	Holland	Automobile and spare parts, automobile and accessories	EUR150,000	100.00%	70.73%
69	LAG Talle NV.	Business entity	Belgium	Belgium	Manufacturing of valves	EUR3,245,000	100.00%	63.33%
70	Ziemann H l jeka N.V.	Business entity	Belgium	Belgium	Production of accessories	EUR991,600	100.00%	70.79%
71	Imm b g N.V. B ee	Business entity	Belgium	Belgium	Production of automobile	EUR248,000	100.00%	63.33%
72	Ziemann H l jeka A/S	Business entity	Denmark	Denmark	Production of accessories	DKK1,000,000	100.00%	70.73%
73	Dic Cha i LLC (DCEC)	Business entity	USA	USA	Manufacturing and sale of special automobile	USD10,000,000	100.00%	63.33%
74	CIMCTGE Ga In e men SA (TGESA)	Business entity	Lebanon	Lebanon	Import and export	EUR50,000	100.00%	60.00%
75	TGE Ga Engineering GmbH (TGE Ga)	Business entity	Germany	Germany	Production of EP+CS (Design, Production and Construction) of technical services in LNG, LPG and storage and distribution of fuel	EUR1,000,000	100.00%	60.00%
76	CIMC Raffle Off h e (Singapore) Limited (Raffle)	Business entity	Singapore	Singapore	Production of various types of oil and gas, including jack-dilling platform, semi-submersible dilling platform, FPSO, FSO	SGD594,416,915 and USD303,122,013	100.00%	100.00%

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
77	CIMC Raffle In e men Limi ed	B ine en i	H ng K ng, China	H ng K ng, China	In e men h lding	HKD2	100.00%	
78	CIMC Raffle Lea ing P e L d.	B ine en i	Singa e	Singa e	Lea ing f ma ine hi	SGD2	100.00%	
79	Ca ian D ille P e L d.	B ine en i	Singa e	Singa e	Lea ing f ma ine hi	USD30,000,000	100.00%	
80	Techn d ne In e pa i nal Limi ed (Techn d ne)	B ine en i	Uni ed Kingd m	Uni ed Kingd m	Re ea ch and de el men f ene g e i men	GBP100	60.00%	
81	Gadidae AB.	B ine en i	S eden	S eden	In e men h lding	SEK1,000,000	100.00%	
82	Pe fec Vic In e men Limi ed (Pe fec Vic)	B ine en i	H ng K ng, China	H ng K ng, China	In e men h lding	USD1	100.00%	
83	Ziemann In e pa i nal GmbH (Ziemann G)	B ine en i	Ge man	Ge man	De ign, d c i n and ale f bee fe men a i n machine	EUR16,000,000	70.73%	
84	Albe Ziegle GmbH (Ziegle)	B ine en i	Ge man	Ge man	De ign a i n f Ma ine enginee ing	EUR13,543,000	60.00%	
85	Ba e Techn l g AB (Ba e)	B ine en i	S eden	S eden	De ign a i n f Ma ine enginee ing	SEK1,000,000	90.00%	
86	CIMC MBS LIMITED (CML)	B ine en i	Uni ed Kingd m	Uni ed Kingd m	M d le l	GBP3,884,303	100.00%	
87	Zhenh a l gi ic (H ng K ng) C , L d. (Zhenh a H ng K ng)	B ine en i	H ng K ng, China	H ng K ng, China	L gi ic	USD6,600,000	75.00%	

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Translation in Reference Only)

VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

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

2. Equity in associates and joint ventures

(1) Basic information of major associates and joint ventures

	Main Premises	Registration Place	Nature of business	Strategic for the group or not	Shareholding ratio-Direct	Shareholding ratio-Indirect
Joint ventures –						
NKY Zhenhua	Tianjin	Tianjin	Logistic business	N	-	38.25%
Y&C Engine	Wuhu, Anhui	Wuhu, Anhui	Manufacture and sale of heavy-duty engine and components and assembly	Yes	-	33.12%
Associates –						
LiHua Energy	Bahui, Hebei	Bahui, Hebei	Gas production and distribution business	N	-	15.58%
Shanghai Fengang	Shanghai	Shanghai	Real estate development	Yes	-	40.00%
TSC	Honolulu (USA)	Campan Island	Land and real estate development	Yes	-	13.42%
Jiahua Shipping	Hong Kong	Hong Kong	Logistic business	N	-	30.00%
China Finance	Chengde	Campan Island	Finance	Yes	-	30.00%
Shanghai Investment	Beijing	Beijing	Investment management	N	-	45.00%

The effective interest in the above entities measured by the time held.

(2) Excess deficit of major associates and joint ventures

The share in the excess deficit of the above entities in the period.

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

The share in the equity of the structured body not included in the consolidation range of the consolidated financial statements.

Notes to the Financial Statements

Financial statements from 1 Jan and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation Reference Only)

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, the important joint ventures and associates have been disclosed in Note VI, the following are the joint ventures and associates as a full list:

	Main place of business	Registered Address	The nature of the business	The group activity is strategic	Shareholding percentage - direct	Shareholding percentage - indirect
Joint ventures -						
Gangsi Logistics	Nanning	Nanning	Logistics	N	-	50.00%
'K'Line Zhenhai Logistics	Tianjin	Tianjin	Logistics	N	-	38.25%
Qingda Jiefeng Bidding	Qingda	Qingda	Construction management	N	-	35.00%
Shanghai Weide Bidding	Shanghai	Shanghai	Construction management	N	-	35.00%
Tianjin Jinhai Bidding	Tianjin	Tianjin	Construction management	N	-	35.00%
Associates -						
Xinhai Wd	Xinhai	Xinhai	Wd	N	-	35.00%
Riny Real Estate	Zhejiang	Zhejiang	Real estate	N	-	16.40%
Qingchen Bamb	Fujian	Fujian	Bamb	N	-	30.00%
Xingang Wd Ind	Hong Kong	Hong Kong	Wd	N	-	20.00%
Shanghai Sheni	Shanghai	Shanghai	Agency	N	-	15.83%
Zhejiang Xinling Bamb	Zhejiang	Zhejiang	Bamb	N	-	30.00%
Dalian Jiling Logistics	Dalian	Dalian	Logistics	N	-	30.00%
Tianjin Sunind Zhejiang Animal Husbandry	Tianjin	Tianjin	Animal husbandry	N	-	39.22%
Xiamen CIMC	Xiamen	Xiamen	Construction	N	-	45.00%
Ningbo Beilun	Ningbo	Ningbo	Construction	N	-	21.00%

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Translation of Reference Only)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Information of other related parties

Company name	Relationship with the Group
SUMITOMO CORPORATION	Minority shareholder of subsidiary
Shanghai Hea D A m bile	Minority shareholder of subsidiary
Orien International	Subsidiary of significant shareholder
FML	Subsidiary of significant shareholder
Gaofin	Minority shareholder of subsidiary
Aashi Trading Co., Ltd.	Minority shareholder of subsidiary
Shende Fei	Minority shareholder of subsidiary
China Merchants Shekou Industrial Zone Holding Co., Ltd.	Subsidiary of significant shareholder
Fluor China Chemicals Inc. S.A.	Subsidiary of significant shareholder
China COSCO Shipping Co. Ltd. in Limited	Significant Shareholder
Fluor China Chemicals Service Co., Ltd.	Subsidiary of significant shareholder

Note: Significant shareholder means shareholder holding more than 5% (including) of the Company's shares.

Notes to the Financial Statements

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

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions

The following transactions with related parties were conducted under normal commercial terms under separate agreements.

(1) Purchase of goods and receiving of services

Name	Nature of the transaction	For the Period	For the Period
		from 1 January to 30 June 2017 Amount	from 1 January 30 June 2016 Amount
Y&C Engine	Purchase of goods	309,000	140,744
Shanji Headset Automobile	Purchase of goods	49,559	28,966
Qingchen Bamboo	Purchase of goods	8,259	2,943
Aashi Trading Co., Ltd	Purchase of goods	1,855	23,053
Xinhua Wood	Purchase of goods	394	144
SUMITOMO CORPORATION	Purchase of goods	-	168
TSC	Purchase of goods	-	343
Other related parties	Purchase of goods	1,758	2,526
Subtotal	Purchase of goods	370,825	198,887
Other related parties	Receiving of services	15,681	10,913

Emphasis of the disclosure, details and management of the Company refer to VIII.5(4).

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Sales of goods and rendering of services

Name	Name of the transaction	For the Period from 1 January to 30 June 2017 Amount	For the Period from 1 January to 30 June 2016 Amount
Shanghai Hea D A m bile	Sale of goods	93,174	38,242
Fl en Ma ime Limi ed	Sale of goods	63,809	66,874
SUMITOMO CORPORATION	Sale of goods	59,136	99,554
Fl en C n aine C u a i n S.A.	Sale of goods	25,676	52
Fl en C n aine Se ice Id.	Sale of goods	12,624	-
O en al In e a i nal C n aine	Sale of goods	4,965	-
NYK Zhenh a	Sale of goods	228	984
G ang i S he a L gi ic	Sale of goods	-	4,516
O he la ed a ie	Sale of goods	8,298	6,119
S b- al	Sale of goods	267,910	216,341
O he la ed a ie	Rendering of service	20,078	10,352

(3) Financing

Name	Amount	Starting date	Ending date	Interest income earned/interest expense recognised from 1 January to 30 June 2017	Note
Financing received					
Ga fin In e men S.A.	45,571	19 Se embe 2008	Re a men da en fi ed	522	Sha eh lde an
Sh nde F i	27,215	12 A il 2012	Re a men da en fi ed	-	L an f Sha eh lde a i n
	72,786				
Financing provided					
R n Y Real E a e	503,568	25 Decembe 2007	Re a men da en fi ed	6,690	Sha eh lde an
Shanghai Feng ang	34,204	25 Decembe 2007	Re a men da en fi ed	-	Sha eh lde an
Xin ang Fe n fi ed Sha eh lde an					

Notes to the Financial Statements

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

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 incentive scheme since 28 September 2010 (see Note IX). Details of the exercised share incentive granted to the management personnel of the Company as at 30 June 2017 are as follows:

Name	Position	Number of granted share options (in'0000)
Mai Biliang	President, Chairman	285
Li Xubin	Vice Chairman	99.7
Wu Faqi	Vice Chairman	75
Li Yinhi	Vice Chairman	75
Yi Ya	Vice Chairman	65
Zhang Baoping	Vice Chairman	75
Gao Xiang	Vice Chairman	37.5
Yi Yubin	Secretary of the Board	75
Zeng Han	General Manager of Finance Department	28.9
Total		816.1

Some of the management personnel of the Company have exercised their share incentive granted to them in the Company's share incentive plan since the exercise period of the share incentive granted to the management personnel of the Company as at 30 June 2017 are as follows:

Name	Position	Number of granted share options (in'0000)
Wu Faqi	Vice Chairman	50
Yi Ya	Vice Chairman	25
Gao Xiang	Vice Chairman	190
Zeng Han	General Manager of Finance Department	25
Yi Yubin	Secretary of the Board	129.8
Total		419.8

Note: As at 27 March 2017, according to the Shanghai Stock Exchange's General Meeting in 2017, Mr. Jin Jianping, left office due to the expiration of his term while Mr. Zeng Han was appointed as the general manager of finance department. As at 30 June 2017, Mr. Jin still had 640,000 shares of the Company and 1,400,000 shares of Enji exercised.

For detailed information of the share incentive plan, please refer to Note IX.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has legal reference only)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

()

Director and key management personnel remuneration for the period ended 30 June 2017 are as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries						Total
		Salary and allowance	Pension	Bonus	Entry Bonus	Housing allowance	Others	
Director								
Wang Hong	-	-	-	-	-	-	-	-
Wang Yuhang	-	-	-	-	-	-	-	-
Mai Biliang	-	1,350	42	-	-	-	223	1,615
Wang Zhilian	-	-	-	-	-	-	-	-
Li Chong	-	-	-	-	-	-	-	-
Pan Chengfei	100	-	-	-	-	-	-	100
Wang Guimin	100	-	-	-	-	-	-	100
Pan Zhengji	100	-	-	-	-	-	-	100
Total	300	1,350	42	-	-	-	223	1,915
Senior								
Xi Bing	-	86	21	-	-	-	6	113
Lin Li (i)	-	-	-	-	-	-	-	-
Zhang Mingren	-	-	-	-	-	-	-	-
L Shenghui (i)	-	-	-	-	-	-	-	-
Total	-	86	21	-	-	-	6	113
Other Senior Executive								
Wu Faqi	-	661	55	-	-	-	16	732
Li Yinhi	-	401	54	-	-	-	16	471
Li Xuebin	-	688	55	-	-	-	16	759
Zhang Baoping	-	661	-	-	-	-	-	661
Yi Ya	-	375	-	-	-	-	-	375
Gao Xiang	-	718	45	-	-	-	11	774
Jin Jianling (ii)	-	330	-	-	-	-	-	330
Zeng Han (ii)	-	170	22	-	-	-	8	200
Yang Ruogang	-	568	48	-	-	-	16	632
Yi Yujin	-	660	42	-	-	-	16	718
Subtotal	-	5,232	321	-	-	-	99	5,652
Total	300	6,668	384	-	-	-	328	7,680

Note (i): As at 20 December 2016, approved by 2016 financial board general meeting, Mr. Lin Li resigned as chairman while Mr. L Shenghui was appointed as the chairman on behalf of shareholders of the company.

Note (ii): As approved by the financial meeting in 2017 of the eighth board of directors, Mr. Jin Jianling, left office due to the resignation of Mr. Zeng Han as chairman of the general management of finance department.

The financial results have included the highest amount included after aid from 1 January to 30 June 2017.

Notes to the Financial Statements

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation - Reference Only)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

()

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

(i) Transactions with related parties (continued)

- (i) On 31 March 2016, at the shareholders' general meeting in 2015, Mr. Zhang Liang, Mr. Wang Shiqing and Mr. Li Kejin left the office of the chairman of the board.
- (ii) On 31 March 2016, at the shareholders' general meeting in 2015, Mr. Wang Yuhang was recommended by the board of directors as the vice chairman of the board of directors and non-executive director, Mr. Li Cheng was appointed as the non-executive director of the board of directors and Mr. Pan Zheng was appointed as an independent non-executive director of the board of directors.
- (iii) On 31 March 2016, at the shareholders' general meeting in 2015, Mr. Wang Zhiyan and Mr. He Jiale were elected as Mr. Wang Zhiyan was recommended by the board of directors as the non-executive director of the board of directors while Mr. Lin Li and Mr. Zhang Ming were recommended by the board of directors as the executive non-executive director of the board of directors.
- (iv) At the board meeting in 2016 of the board of directors, Mr. Zeng Beihua left the office and Mr. Yang Rong was appointed as the general manager of the company.

The following table shows the highest amount included of the aid provided from 1 January to 30 June 2016.

Other beneficiaries include financial institutions, medical insurance, etc.

(ii) Transactions with related parties

For the period from 1 January to 30 June in 2017, the company has no financial transactions with related parties. (For the period from 1 January to 30 June in 2016: Nil).

(iii) Transactions with related parties

For the period from 1 January to 30 June 2017, the company has no financial transactions with related parties. (For the period from 1 January to 30 June 2016: Nil).

(iv) Transactions with related parties

On 30 June 2017, the company's legal representative, Mr. Li and Mr. Gao were elected as directors, legal representatives and the chairman of the board (31 December 2016: Nil).

(v) Transactions with related parties

For the period from 1 January to 30 June 2017, the company did not enter into any agreement related to the business of the Group, in which the directors have significant influence in an action, arrangement and contract. (For the period from 1 January to 30 June 2016: Nil).

Notes to the Financial Statements 257

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

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

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 advances.

Refer to Note IV.9 for details of contract liabilities.

Refer to Note IV.12 for details of long-term receivables.

Refer to Note IV.22 for details of contract liabilities.

Refer to Note IV.28 for details of accounts payable.

Refer to Note IV.34 for details of other payables.

Refer to Note IV.29 for details of advances from customers.

7. Commitments in relation to related parties

As at 30 June 2017, the related commitments in relation to related parties contracted for but not yet received in the balance sheet of the Group.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

IX. SHARE-BASED PAYMENTS

1. Information about share-based payments

The amount of share-based payments granted during the period	The amount of share-based payments granted by the Company and its subsidiaries during the period
The amount of share-based payments expensed during the period	The amount of share-based payments expensed by the Company and its subsidiaries during the period
The amount of share-based payments forfeited during the period	The amount of share-based payments forfeited by the Company and its subsidiaries during the period
The expense recognized during the period in the income statement and the amount of share-based payments recognized in the income statement	<ol style="list-style-type: none"> Share-based payments recognized by the Company in 2009, 2011 and 2014: HKD4, HKD2.48 and HKD11.24 respectively, the amount of share-based payments recognized in the income statement is 2.30, 4.32 and 6.93 respectively; Share-based payments recognized by the Company in 2010 and 2011: RMB10.49 (after adjustment) and RMB16.02 respectively (after adjustment), the amount of share-based payments recognized in the income statement is 3.24 respectively.
The expense recognized during the period in the income statement and the amount of share-based payments recognized in the income statement	Nil

Expenses recognized for the period arising from share-based payments are as follows:

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Share-based payments	9,583	19,889

Notes to the Financial Statements

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation Reference Only)

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 a share option plan (the "Plan I"), which was approved by the shareholders' meeting on 11 November 2009. According to the Plan, the key management personnel and the employees in Enric were granted shares in the Enric subsidiary in the form of shares of Enric. The plan was 50% exercisable after the end of the first year and after 100% exercisable after the end of the second year. Each time the high bonus plan was exercised in Enric, the total number of shares granted was 43,750,000, with the exercise price of HKD4 per share.

Enric carried another share option 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 approved grants to the key management personnel and the employees of Enric subsidiary in the form of shares of Enric. The plan was 40% exercisable after the end of the first year and, 70% exercisable after 2 years from the end of the first year, and then 100% exercisable after 3 years from the end of the first year. Each time the high bonus plan was exercised in Enric, the total number of shares granted was 38,200,000, with the exercise price of HKD2.48 per share.

Enric, a subsidiary of the Company, carried a share option plan (the "Plan III"), which was approved by the shareholders' meeting on 5 June 2014. According to the Plan, the key management personnel and the employees in Enric were granted shares in the Enric subsidiary in the form of shares of Enric. The plan was 40% exercisable after the end of the first year, 70% exercisable after the end of the second year and 100% exercisable after the end of the third year from the end of the first year. Each time the high bonus plan was exercised in Enric, the total number of shares granted was 38,420,000, with the exercise price of HKD11.24 per share.

Movement of shares in Enric:

	30 June 2017 '000	31 December 2016 '000
Beginning balance	83,572	86,599
Granted in connection with	-	-
Exercised in connection with	(1,676)	(1,211)
Cancelled in connection with	(162)	(1,776)
Forfeited in connection with	(132)	(40)
Ending balance	81,602	83,572

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has legal reference only)

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 incentive 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 shall have the authority to manage the scheme and the employees shall be eligible to participate in the Scheme. The effective period of the Scheme is from the grant date of shares in the Scheme to the end of the period. The shares are 25% exercisable from the grant date of shares after 24 months since the grant date of the shares and 48 months since grant date. The remaining 75% are exercisable from the grant date of shares after 48 months since grant date of the Scheme. Each employee shall be eligible to participate in the Scheme. In addition, the shareholders' meeting shall have the authority to amend all the conditions:

- The shareholders shall have the right to exercise the shares.
- The increase of the share-based payment shall be less than the 6% and the average of the increase of the share-based payment shall be less than 10% of the share-based payment.
- During the period, the share-based payment shall be less than the average of the share-based payment of the Company and the share-based payment shall be less than the average of the share-based payment of the Company and the share-based payment shall be less than the average of the share-based payment of the Company.

The total number of shares granted was 60,000,000, 54,000,000 among which the initial grant price was 12.39 yuan per share and the remaining 6,000,000 shares were granted at a price of 10.49 yuan per share.

The Company distributed cash dividends of 0.35 yuan per share, 0.46 yuan per share, 0.23 yuan per share, 0.27, 0.31 yuan per share, 0.22 yuan per share and 0.06 yuan per share on 31 May 2011, 21 June 2012, 28 June 2013, 27 June 2014, 29 July 2015, 20 July 2016 and 20 July 2017 respectively. In accordance with the Scheme, the employees' share-based payment for the years 2010, 2011, 2012, 2013, 2014, 2015 and 2016, the Board of Directors adjusted the exercise price of the 54,000,000 shares granted on 28 September 2010. After the adjustment, the exercise price is 10.49 yuan per share.

According to the provisions of the shareholders' meeting on 22 September 2011, the 6,000,000 shares in the Scheme on 28 September 2010 were granted at the exercise price of 17.57 yuan per share. With the implementation of annual dividends of 0.46, 0.23, 0.27, 0.31, 0.22 and 0.06 yuan per share respectively, the exercise price of the shares was adjusted to 16.02 yuan per share.

Notes to the Financial Statements

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

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)

Movements of share options of the Company:

	30 June 2017 '000	31 December 2016 '000
Beginning balance	25,229	25,986
Exercised in connection	(1,776)	(757)
Cancelled in connection	-	-
Forfeited in connection	-	-
Ending balance	23,453	25,229

(3) Basis of the best estimate of the number of equity instruments expected to vest is as follows:

At each balance sheet date during the reporting period, the Company makes the best estimate in accordance with the latest information of the number of employees that are granted the share options and the number of employees who are expected to exercise the share options. On the reporting date, the estimate shall be equal to the number of employees who are expected to exercise the share options.

There is no significant difference between the number of employees and the number of employees who are expected to exercise the share options.

As at 30 June 2017, Accumulated amount recognized in capital expenditure for share-based payments	414,679
Total amount recognized for share-based payments for connection	
Including:	
- attributable to the Company	-
- attributable to Entity	9,583
	9,583

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

X. CONTINGENCIES

1. Contingent liabilities

CIMC Raffle, a subsidiary of the Company entered into the relevant contracts and the relevant contracts with the relevant parties, which include the relevant contracts for the relevant items and equipment. The management of Raffle expected the relevant contracts for the relevant items and equipment, however, the management decided to accept a provision amount of USD3,650,000 (equivalent to RMB24,729,000) (31 December 2016: USD3,650,000 (equivalent to RMB25,320,000)) in accordance with the relevant contracts and the relevant contracts and the relevant contracts and the relevant contracts. All, CIMC Raffle entered into the relevant contracts for the relevant items and equipment. As at 30 June 2017, the balance of the relevant contracts for the relevant items and equipment is USD3,694,000 (equivalent to RMB25,027,000) (31 December 2016: USD5,964,000 (equivalent to RMB38,150,000)).

YZTH, a subsidiary of the Company provided guarantee to the relevant parties for the relevant items and equipment. The management of YZTH expected the relevant contracts for the relevant items and equipment, however, the management decided to accept a provision amount of 9,272,000 (31 December 2016: 19,778,000).

2. Guarantees provided for external parties

CIMC Raffle, a subsidiary of the Company, provided the guarantee for the relevant parties. As at 30 June 2017, the amount of guarantee provided by Raffle is 334,250,000 (31 December 2016: 382,000,000).

CIMC Vehicle (Group), a subsidiary of the Company, signed contracts with H Shanghai Bank, China Merchants Bank, Bank of Communications, China Guangfa Bank, Industrial Bank, Industrial and Commercial Bank of China, Zhongyuan Bank and External Finance Company, which are the relevant banks provided guarantee in the relevant banking facilities granted to the relevant parties and the relevant parties of CIMC Vehicle (Group) and its subsidiary during the relevant period. As at 30 June 2017, the aggregate amount of the relevant facilities in the relevant relevant CIMC Vehicle (Group) and its subsidiary provided guarantee to the relevant parties and the relevant parties is 786,333,000 (31 December 2016: 1,031,416,000).

ShenYang Vehicle Garden and Shanni Vehicle Garden, a subsidiary of the Company, signed relevant contracts and entered into relevant facilities with China Construction Bank and Qindao Real Commercial Bank respectively to provide relevant guarantee for the relevant parties. As at 30 June 2017, the relevant relevant ShenYang Vehicle Garden and Shanni Vehicle Garden, is 8,295,000 (31 December 2016: Nil).

Yanghe Da Real Estate, CIMC Haiyuan, YJFR and Dongguan Inn. In Park, a subsidiary of the Company, provided guarantee to the relevant parties for the relevant items and equipment. The amount of guarantee provided by the Company is 714,347,000 as at 30 June 2017 (31 December 2016: 733,443,000).

C&C Truck and its subsidiary signed contracts with the relevant banks, which are the relevant banks provided guarantee in the relevant banking facilities granted to the relevant parties and the relevant parties of C&C Truck and its subsidiary during the relevant period. As at 30 June 2017, the aggregate amount of the relevant facilities in the relevant relevant C&C Truck and its subsidiary provided guarantee to the relevant parties and the relevant parties is 314,477,000 (31 December 2016: 386,879,000).

Notes to the Financial Statements

263

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text as the primary reference)

X. CONTINGENCIES (CONTINUED)

3. Notes payable issued but not accounted for, outstanding letter of credit issued but undue and outstanding performance guarantees

The Group denominated bill payable reflects issued advance bill of exchange, advance bill and note payable denominated in the local currency of the date of delivery of goods and the maturity date of the bill issued. As at 30 June 2017, the Group had bill issued but not accounted for RMB330,227,000 and outstanding letter of credit RMB88,443,000, totaling RMB418,670,000 (31 December 2016: RMB1,143,013,000).

As at 30 June 2017, the Company had outstanding balance of guarantee provided by the bank RMB915,000,000 and USD20,000,000 (equivalent RMB135,501,000) respectively, totaling RMB1,050,501,000.

As at 30 June 2017, CIMC Raffle had outstanding balance of guarantee issued by the bank totaling USD53,753,000 (equivalent RMB364,183,000), of which the balance of advance guarantee, and fully guaranteed USD32,000,000 (equivalent RMB216,802,000), USD21,753,000 (equivalent RMB147,381,000) respectively (31 December 2016: RMB905,730,000).

As at 30 June 2017, CIMC Enjic had outstanding balance of guarantee issued by the bank totaling RMB698,752,000 of which the balance of performance and advance guarantee were RMB342,096,000, the balance of advance guarantee were RMB356,656,000 (31 December 2016: RMB779,018,000).

As at 30 June 2017, TLC, the subsidiary of the Group, had outstanding balance of guarantee issued by the bank totaling USD115,000 (equivalent RMB799,000). (31 December 2016: RMB2,844,000).

As at 30 June 2017, QDCRC, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank totaling RMB32,537,000 (31 December 2016: RMB10,478,000).

As at 30 June 2017, TAS had outstanding balance of guarantee issued by the bank totaling 684,748,000, of which the balance of performance guarantee, fully guaranteed, bid guarantee, advance guarantee were RMB375,133,000, RMB20,540,000, RMB32,669,000 and RMB256,406,000 respectively (31 December 2016: RMB682,818,000).

As at 30 June 2017, CIMC Finance Company, the subsidiary of the Group, had outstanding balance of guarantee of the subsidiary of the Group, of which the balance of performance guarantee, fully guaranteed, margin guarantee and advance guarantee were RMB23,493,000, RMB1,593,000, RMB5,600,000 and RMB9,000,000 respectively, totaling RMB39,916,000 (31 December 2016: RMB28,396,000).

As at 30 June 2017, Zhenhua Logistic Group, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank totaling RMB12,970,000 (31 December 2016: RMB42,125,000).

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

X. CONTINGENCIES (CONTINUED)

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

As at 30 June 2017, QDHFL, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank amounting RMB83,000 (31 December 2016: Nil).

As at 30 June 2017, LYV, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank amounting RMB1,702,000 (31 December 2016: Nil).

As at 30 June 2017, ZCICM, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank amounting RMB18,392,000 (31 December 2016: Nil).

As at 30 June 2017, YanTai Tie Hongba, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank of RMB255,000 and USD868,000 (equivalent to RMB6,136,000). (31 December 2016: Nil).

As at 30 June 2017, QDCSR, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank amounting RMB3,200,000 (31 December 2016: Nil).

As at 30 June 2017, QDCC, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank amounting RMB59,734,000 (31 December 2016: Nil).

As at 30 June 2017, Ziegler, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank amounting EUR1,295,000 (equivalent to RMB10,039,000). (31 December 2016: Nil).

As at 30 June 2017, Veib, the subsidiary of the Group, had outstanding balance of performance guarantee issued by the bank amounting GBP 5,947,000 (equivalent to RMB52,395,000). (31 December 2016: Nil).

4. Significant pending litigations

CIMC Raffle, a subsidiary of the Company entered into drilling platform construction contract, and the platform had been delivered to the charterer in 2015. The charterer believed that the deliverable cannot fulfill the technical requirements stipulated in the contract, hence the charterer claimed a claim amounting USD2,000,000. As at the end of the period, the final decision of the litigation has not been reached. The management team of Raffle assessed the risk of the claim, hence the management decided to accrue a provision of USD2,000,000 (equivalent to RMB13,550,000) as at 30 June 2017 (31 December 2016: RMB13,874,000).

Notes to the Financial Statements

265

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

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

XII. EVENTS AFTER THE BALANCE SHEET DATE

- On 5 July 2017, EIDL (Shanghai) entered into the relevant agreement with SOE and SOE Bank, C and L, Liquidation Team (南通太平洋破產清算組) to effect the change of the major shareholder of SOE through acquiring the entire equity interest in SOE. On 4 August 2017, the SOE Re-structuring Plan was approved at the creditors' meeting of SOE and approved by the court. On 16 August 2017, SOE has become an independent limited liability company of CIMC Enric and an independent limited liability company of the Group. SOE has renamed as 南通中集太平洋海洋工程有限公司 (Nantong CIMC Sin Pacific Offshore & Engineering Co., Ltd.). For the relevant information, please refer to the announcement dated 6 July 2017, 4 August 2017 and 16 August 2017 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo Web Site (www.cninfo.com.cn), the Company Website (www.cimc.com) (Notice No.: [CIMC]2017-036, [CIMC]2017-047 and [CIMC]2017-054) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

On 17 July 2017, CGRE injected an amount of RMB926,322,300 in the capital of CIMC Skopje Real Estate and held a 25% equity interest in the company. In addition, the Company held 61.5% equity interest in CIMC Skopje Real Estate through CIMC Shenfa. For the relevant information, please refer to the announcement dated 17 July 2017 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo Web Site (www.cninfo.com.cn), the Company Website (www.cimc.com) (Notice No.: [CIMC] 2017-040) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Notes to the Financial Statements

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

XIII. SEGMENT REPORTING

In accordance with the Group's internal organizational structure, management departments and internal departments, nine reportable segments are identified by the Group including: Consumer, Real Estate, Vehicle, Energy and Chemicals & Materials, Offshore, Air Traffic, Logistics, Finance, Personal Services and Healthcare. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segments at different technical and management levels. The Group reports the financial information of individual segments separately to determine the overall gain and performance of the Group.

1. Segment profits, losses, assets and liabilities

In order to assess the segment performance and the overall gain, the Group's management reports segment performance, revenue, assets and liabilities for each segment separately. The main basic information is detailed as follows:

Segment assets include tangible assets, intangible assets, long-term assets and accounts receivable, but exclude deferred tax assets and non-current assets held for sale. Segment liabilities include payable, bank loan, provision, special payable and other liabilities, but exclude deferred tax liabilities and other liabilities.

Segment financial expenses (including interest expense and interest expense of segments) are reported by segment revenue, depreciation and amortization, impairment loss, interest expense and income tax payable of individual segments. Taxation is recorded among segments and non-current assets and tax income is recorded separately.

Notes to the Financial Statements

For the period ended from January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has Primary Reference Only)

XIII. SEGMENT REPORTING (CONTINUED)

1. Segment profits, losses, assets and liabilities (Continued)

Information is disclosed in each of the Group's reportable segments (including management's editorially prepared information and disclosed separately based on accounting standards) has the Group's segmenting information, assets and liabilities in the following table:

Item	Energy and										Elimination between segments	Total
	Containers	Road	Energy and	Offshore	Airport	Logistic	Finance	Property	Heavy trucks	Others		
		transportation	chemistry &									
		vehicles	food									
For the	For the	For the	For the	For the	For the	For the	For the	For the	For the	For the		
Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from	
1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	1 January to	
30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	30 June 2017	
Operating income	9,887,481	9,626,148	4,981,930	537,143	1,180,919	3,737,122	1,148,040	268,459	1,250,276	769,634	-	33,387,152
Inter-segment income	161,574	93,453	78,581	677,366	-	14,080	-	29,205	32,925	624,543	(1,711,727)	-
Cost of sales	8,044,284	7,907,269	4,100,021	1,325,117	932,468	3,351,524	498,703	161,286	1,199,321	1,159,432	(1,767,808)	26,911,617
Income/(expense) in joint ventures and associates	(739)	1,185	(1,225)	-	-	(2,787)	2,592	-	6,149	(2,637)	-	2,538
Income/(expense)	13,753	37,921	117,644	(290)	545	1,821	62,000	(141)	(43)	1,652	(425)	234,437
Depreciation and amortisation expense	191,681	139,505	218,251	270,460	33,707	48,507	94,243	5,604	68,783	82,170	-	1,152,911
Interest income	59,361	34,139	25,883	31,978	1,104	7,530	109,934	8,802	1,530	674,061	(836,661)	117,661
Interest expense	38,065	52,448	56,079	249,726	6,036	15,047	65,219	5,628	38,641	690,237	(694,861)	522,265
Segment operating profit/(loss)	904,024	716,090	115,972	(549,219)	1,912	89,396	551,309	73,097	(43,117)	(385,962)	102,640	1,576,142
Income/(expense)	222,922	148,074	63,709	1,202	6,085	32,056	35,212	8,062	(303)	6,584	(13,970)	509,633
Net profit/(loss)	681,102	568,016	52,263	(550,421)	(4,173)	57,340	516,097	65,035	(42,814)	(392,546)	116,610	1,066,509
Segment assets	18,705,203	15,766,465	13,731,880	33,175,397	3,894,988	4,212,124	36,093,645	3,248,466	4,287,682	40,611,475	(44,228,471)	129,498,854
Segment liabilities	10,242,842	8,147,509	9,127,079	31,811,543	2,416,166	2,714,511	28,524,362	1,616,268	3,872,629	44,880,485	(53,726,423)	89,626,971
Segment information:	-	-	-	-	-	-	-	-	-	-	-	-
Segment ending/(inc) balance of depreciation and amortisation	121,423	82,465	128,878	(60,348)	4,745	7,411	58,820	(141)	213	129,992	(178,406)	295,052
Long-term investments in joint ventures and associates	29,470	122,966	9,162	33,289	533,598	493,166	402,522	104,191	202,304	318,762	-	2,249,430
Segment ending/(inc) balance of additional financial assets	162,230	106,945	304,593	113,416	61,185	46,283	252,235	18,152	24,105	178,622	1,020,953	2,288,719

Notes to the Financial Statements

For the period ended from 1 Jan and ended 30 June 2017
(All amounts in RMB'000 unless otherwise stated)
(English Text in full Reference Only)

XIII. SEGMENT REPORTING (CONTINUED)

1. Segment profits, losses, assets and liabilities (Continued)

Information is disclosed in each of the Group's reportable segments (including management's editorial judgement) and disclosed separately based on accounting standards having the Group's operating segments' financial assets and liabilities in the following table (Continued)

Item	Energ and Rad chemi &											Elimina n		Total
	Construction	Vehicle	Equipment	Offshore	Aluminum	Logistics	Finance	Power	Health	Other	Eliminated	Unallocated		
	For the	For the	For the	For the	For the	For the	For the	For the	For the	For the	For the	For the		
	Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from	Period from		
	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan	1 Jan		
	30 June 2016	30 June 2016	30 June 2016	30 June 2016	30 June 2016	30 June 2016	30 June 2016	30 June 2016	30 June 2016	30 June 2016	30 June 2016	30 June 2016		
Real estate	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	
Investment	294,243	56,147	157,307	2,595,243	.	35,207	.	.	64,845	142,732	(3,345,724)	.	.	
Construction	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	(1,008)	876	.	.	.	10,816	1,638	729	285	464	.	.	13,800	
Investment	2,777	5,957	1,243,256	(74)	(5,611)	3,003	18,193	.	.	.	.	.	1,267,501
Investment	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	
Investment	101,117	35,774	27,336	51,829	1,476	6,149	104,947	7,358	1,722	563,003	(825,427)	22,010	97,294	
Investment	23,844	47,735	58,941	123,596	10,075	18,951	71,008	10,655	48,240	16,749	(652,781)	538,069	315,082	
Segment	(111,321)	481,392	(946,223)	(3,315)	19,751	108,555	490,441	60,771	(6,906)	(14,346)	(56,312)	(98,331)	(165,844)	
Investment	28,311	119,499	75,354	673	9,046	40,121	36,733	17,996	(383)	677	.	47,289	375,316	
Investment	(139,632)	361,893	(1,021,577)	(3,988)	10,705	68,434	453,708	42,775	(66,523)	(15,023)	(56,312)	(145,620)	(541,160)	
Segment	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)	5,467,815	114,799,917	
Segment	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	80,446,229	
Segment	.	.	.	.	.	.	.	.	.	.	.	.	.
Segment	(14,050)	7,947	1,225,737	2,716	1,699	2,313	30,740	.	(318)	39,767	.	(187,384)	1,109,167	
Segment	54,358	78,521	4,678	.	.	532,944	192,774	100,217	194,566	842,949	.	.	2,001,007	
Segment	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	

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

XIII. SEGMENT REPORTING (CONTINUED)

2. Geographic information

The following table sets forth information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (including financial assets and deferred assets), as of the balance sheet date. The geographical information of the specified non-current assets is based on the historical information of the assets (fixed assets), the balance sheet date which the assets are all located (financial assets and goodwill), the balance sheet date of the assets and jurisdiction.

	Revenue from external customers		Total non-current assets	
	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	30 June 2017	31 December 2016
P.R.China	14,794,349	8,454,654	53,714,927	53,280,989
Asia (excluding China)	3,384,378	1,838,387	797,571	714,570
America	6,645,230	3,503,214	371,495	391,179
Europe	7,341,001	8,283,362	1,587,871	1,544,659
Others	1,222,194	1,463,226	82,901	85,495
Total	33,387,152	23,542,843	56,554,765	56,016,892

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES

The Group has the following risks from its financial instruments in the normal course of the Group's operation, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign exchange risk

This note sets forth information about the Group's exposure to each of the above risks and the Group's objectives, policies and procedures for measuring and managing risk and exposure.

The Group aims to seek the appropriate balance between the risk and benefits from its financial instruments and mitigate the adverse effects of the risk of financial instruments on the Group's financial performance. Based on such objectives, the Group's risk management policies are established, identified and analyzed the risks faced by the Group, the appropriate risk limits and controls, and monitor risk and adherence limits. Risk management policies and procedures are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertake both regular and ad-hoc review of risk management controls and procedures.

Notes to the Financial Statements

271

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

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

1. Credit risk

Credit risk is the risk that a financial instrument will cause a financial loss to the holder by failing to discharge an obligation. The Group's credit risk is mainly attributable to cash, bank, receivable, debt instrument and derivative financial instrument entered into for hedging purpose and etc. Except the credit risk management and reporting basis.

The cash and bank for the Group is mainly held in well-known financial institution. Management does not face any significant credit risk from the derivative and derivative contracts with the financial institution as default and counterparty risk of the Group.

In respect of receivable, the risk management committee of the Group has established a credit limit and high individual credit evaluation and confirmed in all contracts to determine the credit limit and ensure a reliable collection. The evaluation function is equal to the collection and the bank credit record is available and reliable (if available). Receivable aged within 30 days from the date of billing. Normally, the Group does not bear a collateral risk, because the management has established a credit limit and the credit limit is in place.

The management team of the Group had made the loan financial leasing receivable risk management, based on the each individual industry, the credit rating function and the knowledge of the counterparty's business and financial standing. If the default function occurs, the management team of the Group makes a follow-up, including selling leased assets, depending on the available in individual case. If the default occurs, the management team keeps the high collection of the default in the case based on the amount of the default and default in the case, nil the default amount will have been paid. In addition, the management team makes a follow-up which can be paid for the management team of the lease, depending on individual case. When the Group is a party to the credit, it is a good management, strict and control the execution of the credit, especially, legal and legal lease ability to make the default.

Based on the indicators such as a credit rating and financial performance and judgment, the Group provides a firm and continuous monitoring of the execution and business conditions, ensuring the execution of the firm.

In addition, the receivable of the Group has a net hedge in the main part of the main range of contracts from the main hedge against default.

The Group's credit risk is influenced mainly by the individual characteristics and industry of each contract and the change in the industry. And the significant concentration of credit risk is mainly in the Group's significant individual contracts. As the balance sheet date, the Group and the Company had a certain concentration of credit risk, a 29.12% (2016: 30.89%) of the total accounts receivable and the receivable aged from the financial contracts of the Group.

In the event of a small market liquidity risk, the Group has a net hedge in the main part of the main range of contracts from the main hedge against default. Besides, the credit rating function and the knowledge of the counterparty's business and financial standing, the Group has signed the ISDA agreement (International Swap Derivative Agreement). Given the high credit rating, management does not face any significant default risk.

The maximum credit risk is the carrying amount of each financial asset, including derivative financial instrument, as in the balance sheet. Except for the financial guarantee given by the Group as a party to the contract, the Group and the Company do not provide any guarantee which would be a credit risk to the Company. The maximum credit risk in respect of the financial guarantee is the balance sheet date disclosed in Note X.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

2. Liquidity risk

Liquidity risk is the risk that the company will encounter a cash deficiency if realized in meeting obligations associated with its financial liabilities. The Company is able to finance its cash management, including the remaining commitments for capital expenditure and the financing plan, to meet the expected cash demand, funding and liquidity requirements of the Company's business operations. The Group's liquidity is managed through the use of long-term liquidity instruments and in compliance with lending covenants, which have a main aim of ensuring sufficient cash and readily available marketable securities.

The following table shows the remaining contractual maturity 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) on contractual assets (if financing, based on the timing in the period as at 30 June) and the cash flows that can be expected to be received:

	30 June 2017				Total	Carrying amount at balance sheet date
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years		
Financial assets						
Cash at bank and on hand	5,737,102	-	-	-	5,737,102	5,737,102
Financial assets at fair value through profit or loss	187,117	-	249,034	-	436,151	436,151
Accounts receivable and other receivable	28,068,602	-	-	-	28,068,602	28,068,602
Contractual income receivable	5,713,273	-	-	-	5,713,273	4,118,028
Available-for-sale financial assets	20,000	-	36,405	411,970	468,375	461,762
Interest receivable	8,580	-	-	-	8,580	8,580
Dividend receivable	42,055	-	-	-	42,055	42,055
Long-term receivable	-	2,306,274	6,769,078	12,501,833	21,577,185	13,499,327
Subtotal	39,776,729	2,306,274	7,054,517	12,913,803	62,051,323	52,371,607
Financial liabilities						
Financial liabilities at fair value through profit or loss	134,772	-	57,718	-	192,490	192,490
Share borrowings	17,945,748	-	-	-	17,945,748	17,945,748
Notes payable	1,253,175	-	-	-	1,253,175	1,253,175
Debt payable	189,000	189,000	8,175,500	-	8,553,500	7,986,500
Accounts payable and other payable	17,472,557	-	-	-	17,472,557	17,472,557
Interest payable	533,428	-	-	-	533,428	533,428
Dividend payable	253,412	-	-	-	253,412	253,412
Contractual income liabilities	5,015,501	-	-	-	5,015,501	5,015,501
Other contractual liabilities	2,583,959	-	-	-	2,583,959	2,612,280
Long-term borrowings	735,724	4,954,569	16,058,290	2,812,230	24,560,813	23,665,089
Long-term payable	-	251,518	243,530	19,263	514,311	504,909
Other non-current liabilities	314,210	314,210	314,210	1,685,812	2,628,442	2,037,458
Subtotal	46,431,486	5,709,297	24,849,248	4,517,305	81,507,336	79,472,547
Net amount	(6,654,757)	(3,403,023)	(17,794,731)	8,396,498	(19,456,013)	(27,100,940)

As at 30 June 2017, the Group has a significant amount of main financial instruments, including cash and cash equivalents, in order to meet the financing and long-term demand for working capital.

Notes to the Financial Statements

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

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

2. Liquidity risk (Continued)

	31 December 2016					Total	Carrying amount hereof
	Within 1 year demand	1 to 2 years	2 to 5 years	Over 5 years			
Financial assets							
Cash at bank and on hand	6,325,998	-	-	-	-	6,325,998	6,325,998
Financial assets at fair value through profit or loss	141,160	-	325,187	-	-	466,347	466,347
Accounts receivable and other receivable	24,619,828	-	-	-	-	24,619,828	24,619,828
Contract assets	5,513,253	-	-	-	-	5,513,253	3,941,689
Available-for-sale financial assets	-	-	36,803	412,240	-	449,043	442,726
Intangible assets	9,250	-	-	-	-	9,250	9,250
Identifiable intangible assets	41,959	-	-	-	-	41,959	41,959
Long-term receivable	-	3,997,923	5,268,322	12,907,684	-	22,173,929	13,220,242
Subtotal	36,651,448	3,997,923	5,630,312	13,319,924	59,599,607	49,068,039	
Financial liabilities							
Financial liabilities at fair value through profit or loss	199,225	-	3,816	-	-	203,041	203,041
Share subscription	15,729,787	-	-	-	-	15,729,787	15,729,787
Notes payable	1,551,582	-	-	-	-	1,551,582	1,551,582
Debt payable	189,000	189,000	8,175,500	-	-	8,553,500	7,986,500
Contract liabilities	15,315,024	-	-	-	-	15,315,024	15,315,024
Intangible assets	303,375	-	-	-	-	303,375	303,375
Identifiable intangible assets	16,746	-	-	-	-	16,746	16,746
Contract liabilities	3,667,872	-	-	-	-	3,667,872	3,667,872
Other contract liabilities	1,666,966	-	-	-	-	1,666,966	1,687,762
Long-term borrowing	1,056,608	10,819,611	16,387,132	3,464,214	-	31,727,565	27,023,222
Long-term payable	-	520,988	4,767	23,220	-	548,975	529,372
Other non-current liabilities	314,210	314,210	314,210	1,685,812	-	2,628,442	2,037,458
Subtotal	40,010,395	11,843,809	24,885,425	5,173,246	81,912,875	76,051,741	
Net	(3,358,947)	(7,845,886)	(19,255,113)	8,146,678	(22,313,268)	(26,983,702)	

Bank and other borrowing are analyzed by management as follows:

	30 June 2017		31 December 2016	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	23,546,054	-	19,255,497	-
1 to 2 years	4,773,878	-	9,763,003	-
2 to 5 years	15,472,650	-	14,362,508	-
Over 5 years	2,709,669	-	2,897,711	-
Total	46,502,251	-	46,278,719	-

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text and Chinese Text are equally authoritative)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

3. Interest rate risk (Continued)

(2) Sensitivity analysis

As at 30 June 2017, interest rate risk is measured by a general increase/decrease of 25 basis points (31 December 2016: 25 basis points) in interest rate, in all the variable held constant, the increase/decrease of the Group's net profit is 56,922,000 and 56,922,000 (2016: 60,931,000 and 60,931,000, respectively).

The sensitivity analysis indicates the increase/decrease in the net profit and equity attributable to the Group had occurred as the balance sheet date and had been calculated by measuring the financial instruments held by the Group which are the fair value in the date of the balance sheet date. In respect of the cash flow in the date of the financial statements, the increase/decrease in the net profit and equity attributable to the Group as the balance sheet date, the impact of the interest rate risk is measured as an annualized impact in the period of the increase/decrease. The analysis is a simplified measure of the effect.

4. Foreign exchange risk

The major currency received by the Group is USD and the major currency paid is RMB. In order to avoid the risk of the exchange rate of RMB, in respect of the receivable and payable denominated in foreign currency, the Group enters into the forward contracts to hedge the exchange rate risk of the foreign currency assets and liabilities.

- (1) Besides the exchange rate risk arising from financial assets and liabilities held by the Group and financial liabilities at fair value held by the Group disclosed in Note IV.2 and IV.26, the Group's net assets at 30 June are exchange rate risk arising from recognized assets and liabilities denominated in foreign currency. For example, the amount of the net assets held in RMB, and the exchange rate of the balance sheet date. Difference of the exchange rate of the financial assets and liabilities denominated in foreign currency are disclosed.

	30 June 2017				31 December 2016			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	677,567	1,513,464	32,959	24,414	823,367	1,169,615	40,023	44,700
Receivable	7,480,210	165,053	18,293	26,586	3,612,395	254,069	18,353	82,916
Shareholding	(6,949,798)	(623,954)	-	-	(5,759,019)	(61,487)	-	(7,169)
Long-term borrowing	(12,385,960)	-	(215,244)	-	(14,736,500)	-	(132,386)	-
Payable	(487,959)	(113,654)	(614)	-	(1,023,302)	(118,003)	(30,414)	-
Contingent financial liabilities	(13,549)	-	-	-	(2,710,684)	-	-	-
Group balance sheet	(11,679,489)	940,909	(164,606)	51,000	(19,793,743)	1,244,194	(104,424)	120,447

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

4. Foreign exchange risk (Continued)

(2) The following are the exchange rates for RMB against foreign currencies applied by the Group and the Company:

	Average exchange rate		Benchmark average exchange rate	
	For the	For the	30 June 2017	31 December 2016
	Period from	Period from		
	1 January to 30 June 2017	1 January to 30 June 2016		
USD	6.8871	6.5359	6.7744	6.6312
EUR	7.4349	7.2993	7.7496	7.3750
HKD	0.8857	0.8418	0.8679	0.8547
JPY	0.0616	0.0590	0.0605	0.0645

(3) Sensitivity analysis

Assuming all the risk variable remained constant, 2.80%, 2.80%, 2.70% and 1.90% weakening of the RMB against the USD, EUR, HKD and JPY respectively at 30 June 2017 (2.80%, 2.80%, 2.70% and 1.90% strengthening of the RMB against the USD, EUR, HKD, and JPY respectively at 31 December 2016) would have increased (decreased) earnings and net profit by the amount shown below; the effect in RMB and translated into the share of the balance sheet data is:

	Equity	Net profit
30 June 2017		
USD	(245,269)	(245,269)
EUR	19,759	19,759
HKD	(3,333)	(3,333)
JPY	727	727
Total	(228,116)	(228,116)
31 December 2016		
USD	(415,669)	(415,669)
EUR	26,128	26,128
HKD	(2,115)	(2,115)
JPY	1,716	1,716
Total	(389,940)	(389,940)

2.80%, 2.80%, 2.70% and 1.90% strengthening of the RMB against USD, EUR, HKD and JPY respectively at 30 June 2017 (2.80%, 2.80%, 2.70% and 1.90% weakening of the RMB against the USD, EUR, HKD, and JPY respectively at 31 December 2016) would have had the effect on the amount shown above, on the balance sheet data is:

Notes to the Financial Statements

277

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

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

4. Foreign exchange risk (Continued)

(3) Sensitivity analysis (Continued)

The sensitivity analysis above assumes that the change in foreign exchange rate had been applied to the measurement of the financial instruments held by the Group which are the Group's foreign currency denominated balance sheet items. The analysis of the difference would be derived from the analysis of the financial statements denominated in foreign currency. The analysis is effective in the same basis as the sensitivity analysis.

The above sensitivity analysis does not include the effect of currency fluctuations from foreign exchange rates, Japanese Yen exchange rate and a currency rate as disclosed in Note IV.2 and IV.26 about financial assets and financial liabilities and financial liabilities and financial liabilities, but the change in exchange rate may have an effect on the hedging effectiveness and net result.

5. Other price risks

Other price risks are commodity price risks. As at 30 June 2017, the Group held 40,414,000 shares of Qingdao Pulp International Co., Ltd., 2,996,500 shares of Sinochem Shanghai Limited, etc.

As at 30 June 2017, the Group has a general increase/decrease of the commodity price index of 5.00% (31 December 2016: 5.00%), in which the shares held by the Group would increase/decrease of the Group's shareholding value by 9,158,000 (31 December 2016: 6,651,000).

The sensitivity analysis above assumes that the change in the commodity price index would affect the balance sheet items and had been applied to the measurement of all the instruments in the balance sheet held by the Group. The sensitivity analysis also assumes that, in the future, the fair value of the instruments held by the Group will be affected by the commodity price index, and available-for-sale instruments in the balance sheet will be affected by the commodity price index, and all the shares held by the Group will be affected by the commodity price index. A 20.00% change in the commodity price index would affect the Group's shareholding value by 20.00% of the net balance sheet items.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates

The level in the fair value hierarchy is the highest level at which the fair value measurement is categorized in its entirety if determined on the basis of the lowest level in the hierarchy that has a significant fair value measurement in its entirety:

Level 1: Quoted prices (adjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included in level 1 that are observable for the assets or liabilities, either directly (e.g., prices) or indirectly (e.g., derived from prices);

Level 3: Inputs for the assets or liabilities that are not based on observable market data (e.g., unobservable inputs).

(1) Assets measured at fair value on a recurring basis

The following table presents the Group's assets and liabilities that are measured at fair value in the above hierarchy as at 30 June 2017:

Assets	Net	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Investments in equity instruments held for trading	IV.2	180,357	-	-	180,357
Derivative financial assets	IV.2	-	251,402	-	251,402
Hedging instruments	IV.2	-	4,392	-	4,392
Available-for-sale financial assets	IV.11	1,761	51,086	-	52,847
Financial assets total		182,118	306,880	-	488,998
Non-financial assets					
Investments in real estate	IV.14	-	-	1,722,065	1,722,065
Total		182,118	306,880	1,722,065	2,211,063
Liabilities	Net	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	IV.26	-	(6,359)	-	(6,359)
Hedging Instrument	IV.26	-	(186)	-	(186)
Financial guarantee contracts	IV.26	-	-	(55,980)	(55,980)
Contingent considerations	IV.26	-	-	(129,965)	(129,965)
Total		-	(6,545)	(185,945)	(192,490)

Notes to the Financial Statements

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

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value in the above hierarchy as at 31 December 2016:

Asset	Net	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at fair value through profit or loss					
Investment in equity instruments held for trading	IV.2	138,072	-	-	138,072
Derivative financial assets	IV.2	-	326,969	-	326,969
Hedging instruments	IV.2	-	1,306	-	1,306
Available-for-sale financial assets	IV.11	2,441	30,803	-	33,244
Financial assets total		140,513	359,078	-	499,591
Non-financial assets					
Investment property	IV.14	-	-	1,752,608	1,752,608
Total		140,513	359,078	1,752,608	2,252,199

Liability	Net	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	IV.26	-	(15,838)	-	(15,838)
Hedging Instruments	IV.26	-	(4,244)	-	(4,244)
Financial guarantee contracts	IV.26	-	-	(57,419)	(57,419)
Contingent consideration	IV.26	-	-	(125,540)	(125,540)
Total		-	(20,082)	(182,959)	(203,041)

The Group makes the determination as to which level is significant and therefore been in instrument in the hierarchy as at the end of the reporting period ended 31 December 2016, there are no significant and therefore been in instrument in Level 1 and Level 2 neither in Level 2 and Level 3.

For assets in active market financial instrument, the group measures it fair value at an active market price; for non-quoted in active market financial instrument, the group uses valuation techniques to determine the fair value. Valuation methods mainly used are the discounted cash flow method and market comparable company method. In addition, the valuation techniques include the Black-Scholes model, benchmarking method, exchange rate, credit spread, liquidity premium, EBITDA multiples, the lack of liquidity discount etc.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has the final authoritative reference)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

The Group has adopted the qualified fair value measurement model in the fair value measurement policy. The methods used include income method and cost method. The key assumptions include general market data, capitalization rate and discount rate.

The following table presents the movement of the non-financial assets in Level 3:

	Investment properties
1 January 2017	1,752,608
Purchase	-
Transfer from fixed assets, inangible assets and construction in progress	1,287
Transfer from the held for sale classified held for sale	-
Total gain from the disposal	-
Gain/(loss) recognized in profit	-
Gain/(loss) recognized in the income when the income	-
Transfer during the period	(35,389)
Exchange difference arising from the foreign currency	3,559
30 June 2017	1,722,065
1 January 2016	730,168
Purchase	78,176
Transfer from fixed assets, inangible assets and construction in progress	310,039
Transfer from the held for sale classified held for sale	(26,401)
Total gain from the disposal	660,626
Gain/(loss) recognized in profit	75,792
Gain/(loss) recognized in the income when the income	584,834
31 December 2016	1,752,608

Finance Department of the Group is responsible for carrying out the valuation of financial assets and financial

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text is the primary reference)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

The following table presents the information for the assets measured at fair value in Level 3:

	Fair value as at 30 June 2017	Valuation technique	Name	Significant non-binding in		
				Scatter/weighted average	Relationship with fair value	Observable/unobservable
Intangible assets - Completed intangible assets	1,126,654	Income del Cost del	Real estate/capital lease Mortgage (RMB/¥ amount in h) Bridged construction be incurred (RMB/¥ amount)	6%-8% 7-9% 650-4,600	(a)	Unobservable
Land leasehold	595,411	Discount margin	Make price (RMB/¥ amount)	9%-12% 450-2200	(a)	Unobservable

(a) The relationship with non-binding in fair value are as follows:

- The highest of the real estate/capital lease, the highest fair value;
- The highest of the secured advance, the highest fair value;
- The highest of the mortgage, the highest fair value;
- The highest of the make price, the highest fair value;
- The highest of the bridged construction be incurred, the highest fair value;
- The highest of the advance discount margin, the highest fair value.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(1) Assets measured at fair value on a recurring basis (Continued)

	Fair value at 31 December 2016	Valuation technique	Name	Significant non-observable in		
				Scope/weighted average	Relationship with fair value	Observable/unobservable
Inventory	1,139,285		Raw material/capital in use	6%-8%		
Commodities		Income model	Mineral (RMB/ton)	7-9%	(a)	Observable
		Cost model	Building construction (RMB/ton)	650-4,600		
			Anticipated delivery margin	9%-12%	(a)	Observable
Land	613,323	Direct comparison	Market (RMB/ton)	450-2200	(a)	Observable

(2) Assets measured at fair value on a non-recurring basis

The non-current assets held for sale are measured at the lower of book value and fair value less disposal costs. As at 30 June 2017, the Group's assets classified as available for sale include inventory of RMB26,401,000, fixed assets of RMB92,269,000 and intangible assets of RMB85,177,000, measured at fair value less disposal costs (Note IV.8). The fair value is estimated based on the best available information (RMB26,401,000, RMB115,743,000 and RMB97,563,000), which belong to the highest level.

(3) Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities in the group measured at book value include: accounts receivable, short-term borrowings, accounts payable, long-term borrowings, deposits, long-term payable etc.

As at 30 June 2017, all financial instruments are carried at amounts that are not materially different from fair value.

The fair value of the marketable and fair value determined by the fair value in the market, which belong to the highest level. Fair value of long-term borrowings, long-term payable and deposits payable in the market is determined by the discounted cash flow of the contract in accordance with the market rate and the same cash flow under the same condition, which belong to the highest level.

Notes to the Financial Statements

For the period ended from 1 Jan and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text is in Reference Only)

XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

6. Fair value estimates (Continued)

(4) Estimation and assumption of fair values

The following table is the major method and assumption used in estimating the fair value of financial assets and financial liabilities and financial liabilities at fair value through profit or loss, available-for-sale financial assets in the balance sheet date.

(1) **Financial assets**

Fair value is based on the market price at the balance sheet date of financial assets and financial liabilities at fair value through profit or loss (excluding derivatives), and available-for-sale financial assets if there is an active market.

(2) **Financial liabilities**

The fair value is estimated at the present value of the future cash flows, discounted at the market rate at the balance sheet date.

(3) **Derivatives, including interest rate derivatives, foreign exchange derivatives and commodity derivatives**

The fair value of buying, debenture, long-term and non-derivative financial liabilities is estimated at the present value of future cash flows, discounted at the market rate at the balance sheet date.

(4) **Financial instruments**

The fair value of the change in contract liability is based on the liability to be discounted in the contractual liability and deducting the contract liability. The fair value of the derivative liability is based on the market price. The derivative liability is based on the market price and the market price of each contract and the market price of the derivative liability in the market at the measurement date.

(5) **Financial instruments**

The fair value of financial guarantee is determined by reference to the change in an amount length of an act in a similar case, when the information is available, if there is no information available, the difference, by comparing the actual change in length when the guarantee is made available with the estimated value of the length of the guarantee, had the guarantee not been available, the liability estimate of the information can be made.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

XV. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide a return for shareholders and benefit the other stakeholders and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain and adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, issue new shares, issue new debt, or issue new debt.

Total capital for the Group is the sum of shareholders' equity and the consolidated balance sheet. The Group's objective is to maintain a capital structure that is in line with the industry, and to reduce the cost of capital.

The Group's main capital structure is the Debt-Equity Ratio. This ratio is calculated as total liabilities divided by total assets.

In 2017, the Group managed capital structure by controlling the Debt-Equity Ratio to be less than 70% (2016: not less than 70%). The Debt-Equity Ratio as at 30 June 2017 and 31 December 2016 are as follows:

	30 June 2017	31 December 2016
Total Liabilities	89,626,971	85,479,956
Total Assets	129,498,854	124,614,748
Debt-Equity Ratio	69%	69%

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS

1. Cash at bank and on hand

	30 June 2017	31 December 2016
Bank deposits	2,292,935	2,647,574
Other cash balance	7,391	12,648
	2,300,326	2,660,222
Including: cash at hand	503	519

As at 30 June 2017, the disclosed cash at bank and on hand of the Company amounted to RMB503,000 (31 December 2016: RMB2,752,000).

As at 30 June 2017, the filed deposits of the Company in the Financial Company, a subsidiary of the Group, amounted to RMB1,594,000,000 (31 December 2016: RMB942,000,000).

Notes to the Financial Statements

285

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Text as a reference only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Dividends receivable

	30 June 2017	31 December 2016
CIMC Holding Company	3,333,084	3,435,198
SCIMC	592,706	592,706
SCIMCEL	462,372	462,372
SCRC	216,000	-
TJCMCLE	48,915	48,915
SCIMCEL	19,263	19,263
Meida Logistics	29,146	29,146
CIMC World	-	874
CIMCVL	-	149,577
QDSV	2,468	17,356
Tianjin Kangde Logistics Equipment Company, Ltd	411	411
	4,704,365	4,755,818

3. Other receivables

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

	30 June 2017	31 December 2016
Amounts due from related parties	12,940,182	13,109,464
Debit and margin	14,739	15,711
Others	18,233	10,821
Subtotal	12,973,154	13,135,996
Less: provision for bad debts	(4,580)	(4,580)
Total	12,968,574	13,131,416

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(2) Other receivables are analysed by aging as follows:

Aging	30 June 2017	31 December 2016
Within 1 year (Inclusive)	9,525,395	9,642,304
1 to 2 years (Inclusive)	1,528,555	1,530,022
2 to 3 years (Inclusive)	587,541	574,631
Over 3 years	1,331,663	1,389,039
Subtotal	12,973,154	13,135,996
Less: Provision for bad debts	(4,580)	(4,580)
Total	12,968,574	13,131,416

The ageing is calculated as follows from the date the receivable is recognised.

As at 30 June 2017 and 31 December 2016, the Company did not have aged receivable impairment.

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

Note	30 June 2017				31 December 2016			
	Ending balance		Provision for doubtful debts		Ending balance		Provision for doubtful debts	
	% of total		% of total		% of total		% of total	
	Amount	balance	Amount	balance	Amount	balance	Amount	balance
Other receivable with amount are individually significant (4)	12,873,563	99.23%	-	-	13,066,919	99.47%	-	-
Other receivable with amount are not individually significant (5)	99,591	0.77%	4,580	4.60%	69,077	0.53%	4,580	6.63%
Total	12,973,154	100.00%	4,580	0.04%	13,135,996	100.00%	4,580	0.03%

The net realisable value of the Company held for other receivable has been made impairment of \$4,580.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(9) As at 30 June 2017, the five largest other receivables are analysed as follows:

	Nature	Amount	Aging	% of total balance	Provision for doubtful debts
CIMC Hong Kong	fund transfer daily transfer	3,612,395	Within 1 year	27.85%	-
C&CTruck	fund transfer	1,421,641	Within 1 year, 2 years, 3 years	10.96%	-
Hong Kong	fund transfer	1,098,758	Within 1 year	8.47%	-
CIMCVL and its subsidiaries	fund transfer	849,639	Within 1 year	6.55%	-
Tianjin Hong Kong	fund transfer	591,447	Within 1 year	4.56%	-
		7,573,880		58.39%	-

The Company's five largest receivable as at 31 December 2016 amounted to 7,609,722,000 and accounting for 57.93% of the total receivable.

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

As at 30 June 2017, no amount of shareholdings holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of receivable.

Notes to the Financial Statements

289

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

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Other receivables (Continued)

(11) Other receivables from related parties

	Relationship with the Company	Amount	% of total balance
Associate	Associate	255,255	1.97%
Subsidiaries	Subsidiaries	12,684,927	97.78%
Total		12,940,182	99.75%

(12) Other receivables derecognised due to transfer of financial assets

As at 30 June 2017, the amount of other receivables derecognised due to transfer of financial assets of the Company (31 December 2016: Nil).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivable

The amount recognised of other receivable during the year (31 December 2016: Nil).

4. Available-for-sale financial assets

	30 June 2017	31 December 2016
Measured at cost		
Available-for-sale investments ⁽¹⁾	391,970	391,970
Loans to financial institutions	(3,065)	(3,065)
	388,905	388,905

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has primary reference)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

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

(1) Related information analysis of available-for-sale financial assets is as follows:

Available-for-sale financial assets measured at cost:

	31 December 2016	Increase in connection with	Decrease in connection with	30 June 2017	Share holding (%)	Carrying amount
Available-for-sale equity investments						
China Railway Group Limited	8,125			8,125	5.00%	
China Railway Group Limited	380,780			380,780	10.00%	4,000
Guangdong Samgong	1,365			1,365	0.09%	
Beihai Yinjian	1,700			1,700	1.01%	
Subtotal	391,970			391,970		4,000
Less: impairment	(3,065)			(3,065)		
Total	388,905			388,905		4,000

(2) Available-for-sale financial assets measured at cost held by the group are mainly unlisted equity investments with no active market price 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 June 2017	31 December 2016
Subsidiary	9,490,535	9,375,276
Less: impairment	-	
Total	9,490,535	9,375,276

The main financial information of the long-term equity investments held by the Company:

Notes to the Financial Statements

291

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

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Long-term equity investments (Continued)

(2) Subsidiaries:

Investee	31 December 2016	Change in investment	30 June 2017	Shareholding (%)	Voting (%)	Proportion of investment	Investment included in the consolidated	Carrying amount declared
Cost method – Investment in subsidiaries								
SCIMC	110,831	-	110,831	100%	100%	-	-	-
XHCIMC	36,500	-	36,500	100%	100%	-	-	-
TJCIMC	77,704	-	77,704	100%	100%	-	-	-
DLCIMC	48,764	-	48,764	100%	100%	-	-	-
TCCIMC	131,654	(40,230)	91,424	100%	100%	-	-	33,642
CQVL	39,499	-	39,499	100%	100%	-	-	-
SCRC	200,892	-	200,892	92%	92%	-	-	216,000
XHCIMCS	82,026	-	82,026	100%	100%	-	-	-
CIMC Hong Kong	1,690	-	1,690	100%	100%	-	-	-
CIMC SD	162,686	-	162,686	100%	100%	-	-	-
HI	606,912	-	606,912	80%	80%	-	-	98,789
CIMC Tech	41,526	-	41,526	100%	100%	-	-	-
CIMCWD	54,817	-	54,817	100%	100%	-	-	-
CIMC Training	48,102	-	48,102	100%	100%	-	-	-
DLZH	182,136	-	182,136	100%	100%	-	-	-
MEA	111,703	-	111,703	100%	100%	-	-	-
CIMC World	3,472	-	3,472	100%	100%	-	-	-

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Long-term equity investments (Continued)

(2) Subsidiaries: (Continued)

Investee	31 December 2016	Change in Investment	30 June 2017	Shareholding (%)	Voting Right (%)	Proportion of Investment	Investment included in the consolidated	Carrying amount declared
SZ Investment Holding	72,401	-	72,401	100%	100%	-	-	-
Finance Company	482,590	-	482,590	100%	100%	-	-	-
CIMCVL	422,363	-	422,363	100%	100%	-	-	-
QDSV	26,912	-	26,912	80%	80%	-	-	-
SHOE	40,000	-	40,000	100%	100%	-	-	-
SZ Investment	140,000	-	140,000	100%	100%	-	-	-
SESKYC	90,000	-	90,000	100%	100%	-	-	-
DLCIMCS	69,806	-	69,806	100%	100%	-	-	-
China Investment Holding	4,104,227	-	4,104,227	100%	100%	-	-	-
COOP	205,022	-	205,022	99%	99%	-	-	-
CIMC Medical Logistics Development Company, Ltd.	803,904	-	803,904	100%	100%	-	-	-
C&C Truck	898,977	81,616	980,593	70%	70%	-	-	-
Offshore Investment	35,000	-	35,000	100%	100%	-	-	-
Overseas Investment Company	13,160	-	13,160	100%	100%	-	-	-
Engaging Vehicle Park Investment Company	30,000	-	30,000	100%	100%	-	-	-
Taicang Special Investment	-	73,873	73,873	100%	100%	-	-	-
Subtotal	9,375,276	115,259	9,490,535					348,431

Notes to the Financial Statements

293

Financial statements from 1 January and ended 30 June 2017
 (All amounts in RMB'000 unless otherwise stated)
 (English Translation Reference Only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Short-term borrowings

(1) The analysis of the Company's short-term loans is as follows:

	30 June 2017	31 December 2016
Bank borrowing Unsecured	3,660,000	2,710,000

7. Financial liabilities at fair value through profit or loss

	30 June 2017	31 December 2016
Current financial liabilities Non-current financial liabilities	 1,738	 65 3,296

8. Taxes payable

	30 June 2017	31 December 2016
Income tax payable	2,834	2,042
Withholding individual income tax	1,067	1,120
Others	123	484
Total	4,024	3,646

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final Reference Only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Interest payable

	30 June 2017	31 December 2016
Interest accrued	218,242	70,249
Interest on bank borrowings in the period	5,957	3,522
Interest on long-term borrowings in the period	1,365	1,984
Total	225,564	75,755

10. Other payable

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

	30 June 2017	31 December 2016
Current account payable	2,162,672	2,948,279
Prepaid expenses	10,459	16,735
Quality guarantee	429	429
Accrual	-	7,592
Others	11,962	17,769
Total	2,185,522	2,990,804

(2) Significant other payables aged over one year

As at 30 June 2017, significant other payable aged over one year are quality guarantee and 0.5% BDC (T)Tj0.0.0 C5>

Notes to the Financial Statements

295

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

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:

	Net	30 June 2017	31 December 2016
Current portion of long-term borrowings			
Unsecured	(2)	995,000	800,000

- (2) As at 30 June 2017, there were no overdue long-term borrowings of which the durations are extended (31 December 2016: Nil).

12. Long-term borrowings

- (1) The analysis of the Company's long-term loans is as follows:

	30 June 2017	31 December 2016
Bank borrowing		
Unsecured	826,000	1,621,000

As at 30 June 2017, there were no overdue long-term borrowings of which the durations are extended (31 December 2016: Nil).

As at 30 June 2017, the interest rate of long-term borrowings ranged from 1.20% to 3.35% (31 December 2016: 1.20% to 3.65%).

13. Debentures payable

Information of the Company's debentures payable is set out in Note IV.39.

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

14. Deferred tax assets and deferred tax liabilities

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

	30 June 2017		31 December 2016	
	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Employer benefits payable	196,808	49,202	205,760	51,440
Measurement of fair value of financial assets at fair value through profit or loss	1,738	434	3,360	840
Subsidiary	198,546	49,636	209,120	52,280
Offsetting amount	-	-	-	-
Offsetting balances	198,546	49,636	209,120	52,280
Including:				
Amounts measured at fair value through profit or loss (including instruments)		49,636		52,280

Notes to the Financial Statements

For the period ended from 1 Jan a and ended 30 June 2017
 (All am n in RMB'000 nle he ĩe a ed)
 (Engli h T an la i n f ĩ Reference Onl)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15. Capital surplus

	31 Decembe 2016	Inc ea e in c en e ĩ d	Dec ea e in c en e ĩ d	30 June 2017
Share ĩmi m	3,601,855	29,311		3,631,166
Other ca ĩal ĩl :				
• E change e e e n f e ĩgn c en c ca ĩal	687			687
• D na ed n n-ca ĩa e e e e	87			87
• E ĩ e led ĩa e-ba ed a men	253,012		(12,104)	240,908
Other	(568,492)			(568,492)
T al	3,287,149	29,311	(12,104)	3,304,356

	1 Jan a 2016	Inc ea e in c en ea	Dec ea e in c en ea	31 Decembe 2016
Share ĩmi m	3,589,082	12,773		3,601,855
Other ca ĩal ĩl :				
• E change e e e n f e ĩgn c en c ca ĩal	687			687
• D na ed n n-ca ĩa e e e e	87			87
• E ĩ e led ĩa e-ba ed a men	258,211		(5,199)	253,012
Other	(568,492)			(568,492)
T al	3,279,575	12,773	(5,199)	3,287,149

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text is in full Reference Only)

XVI.

Notes to the Financial Statements 299

Financial statements from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Translation is for Reference Only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

18. Profit/(loss) from changes in fair value

Notes to the Financial Statements

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text has final reference only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

22. Non-operating expenses

	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
Abnormal loss	396	-
Loss on disposal of fixed assets	586	1
Others	764	248
Total	1,746	249

23. Income tax expenses

	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
Change in deferred income tax	2,644	27,968

The income tax expense is calculated based on the taxable profit adjusted income tax expense based on the actual profit of the consolidated income statement:

	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
Total profit before tax	31,304	153,333
Income tax expense calculated as taxable amount	7,826	38,333
Enter into deductible loss carry forward	803	1,878
The amount of the current deferred income tax expense recognized	82,123	17,498
Income tax benefit	(88,108)	(29,741)
Income tax expense	2,644	27,968

Notes to the Financial Statements

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

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

24. Notes to the cash flow statement

(1) Supplementary information to the cash flow statement:

(1) Cash flow statement of the holding company

	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
Net profit	28,661	125,365
Decrease in prepaids	6,370	5,965
Amortization of intangible assets	129	129
Amortization of long-term prepaid expenses	5,517	2,113
The decline in amortization	3,000	-
Accrued expenses increased	(7,592)	-
(Profit)/Loss on disposal of intangible assets, intangible assets	586	(115)
Profit change in financial	(1,623)	(1,985)
Financial expense	300,050	50,735
Income tax expense	(359,040)	(118,963)
Decrease/(Increase) in deferred tax assets	2,644	27,968
Decrease/(Increase) in trading receivable	185,423	(501,056)
Decrease/(Increase) in trading payable	(1,544,959)	44,642
Net cash flow from operating activities	(1,380,835)	(365,202)

(2) Cash flow statement of the consolidated group

	For the period from 1 January to 30 June 2017	For the period from 1 January to 30 June 2016
Cash and cash equivalents at the end of the year	699,840	330,140
Less: Cash and cash equivalents at the beginning of the year	1,715,470	652,865
Net change of cash and cash equivalents	(1,015,630)	(322,725)

(2) Composition of cash and cash equivalents

	30 June 2017	30 June 2016
I. Cash		
Including: Cash at bank that can be liquidated at any time on demand	698,935	320,261
Other monetary funds that can be readily drawn on demand	905	9,879
II. Cash and cash equivalents at the end of the year that can be liquidated at any time on demand	699,840	330,140

Note: "At hand" Cash at bank and on hand excluded prepaids.

Supplementary Information

For the period ended from 1 January and ended 30 June 2017

(All amounts in RMB'000 unless otherwise stated)

(English Text is in full Reference Only)

I. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	For the Period from 1 January to 30 June 2017	For the Period from 1 January 30 June 2016
Profit/(Loss) on disposal of non-current assets	13,739	(3,332)
Gain on management recognised in financial statements of the consolidated	91,032	135,375
Re-measurement of the fair value of the investment in the account held in the accounts in the consolidated income statement	-	-
Gain from change in fair value of holding financial assets, fair value of financial liabilities, and income gain arising from disposal of financial assets, fair value of financial liabilities, financial liabilities of fair value of financial liabilities and available-for-sale financial assets, effective of the hedging activities related to the derivative activities	(20,332)	12,264
Occurrence of non-financial business recognised in financial statements of the consolidated	-	-
Net gain from disposal of buildings	(25,460)	23,712
Reversal of accounts receivable provided for bad debts on individual basis	-	-
Other non-recurring income and expenses of the consolidated	38,201	21,101
Other non-recurring gain and losses	(105,549)	-
Subtotal	(8,369)	189,120
Effect of income tax	(30,200)	(30,604)
Effect of minority interest (after tax)	(29,616)	(34,350)
Total	(68,185)	124,166

Note: After consideration of the impact of the amended amount before tax.

Basis for preparation of statement of non-recurring profit or loss

Under the provisions in E-lana's announcement No. 1 on information disclosure of the company's financial results, the public non-recurring financial statements [2008] from CSRC, non-recurring financial statements refer to the arising from an action and event that has a direct or indirect impact on the company's financial results, but is not a regular and repeated occurrence. It has a significant influence on the company's financial results, making economic decisions on the financial performance and financial statements.

Supplementary Information

303

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

II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with the Interim Provisions on the Presentation of Financial Information of Companies Listing Public Shares No. 9, Earnings per share and diluted earnings per share (2010 revised) and the accounting standards, the calculation of earnings per share and diluted earnings per share of the Company is as follows:

	Weighted average return on net assets(%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2016
Net attributable ordinary shares of the Company	2.76%	(1.64%)	0.2554	(0.1444)	0.2544	(0.1444)
Net attributable ordinary shares of the Company after deducting non- controlling interests	3.00%	(2.11%)	0.2783	(0.1861)	0.2772	(0.1861)

304 Chapter X Documents Available for Inspection

- I. The original certificate of the income tax of the Company for 2017 signed by the Company's legal representative.
- II. The original certificate of the audited financial statements of the Company for the period ended 30 June 2017 issued under CASBE standards signed and sealed by the legal representative of the Company, the person-in-charge of accounting affairs, and accounting person-in-charge (General Manager of Financial Management Department).
- III. The original certificate of the documents and announcements of the Company published in the newspaper issued by the China Securities Regulatory Commission during the Reporting Period.
- IV. The English and Chinese version of the 2017 income tax of the Company published in the website of the Hong Kong Stock Exchange.

Wang Hong

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

September 2017

创·造·新价值

Driving new value Moving the world

China International Marine Containers (Group) Co., Ltd.
CIMC R&D Center, No.2 Gangwan Avenue, Shekou,
Nanshan District, Shenzhen, Guangdong, P.R.C

Tel: 86-755-26691130

Fax: 86-755-26692707

www.cimc.com