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中國國際海運集裝箱（集團）股份有限公司
CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.

(a joint stock company incorporated in the People's Republic of China with limited liability)

(H Shares Stock Code: 2039)
(A Shares Stock Code: 000039)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017 (SUMMARY OF THE 2017 INTERIM REPORT)

1 IMPORTANT NOTICE

1.1 The Board of Directors (the "**Board**"), the Supervisory Committee and the Directors, Supervisors and senior management of China International Marine Containers (Group) Co., Ltd. (the "**Company**" and its subsidiaries, the "**Group**") warrant that there are no false records, misleading statements or material omissions in 2017 interim results announcement (the "**Announcement**"), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the interim report of the Group for the six months ended 30 June 2017 (the "**2017 Interim Report**"). This announcement is extracted from the 2017 Interim Report and is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cimc.com). The full version of the 2017 Interim Report will be posted on the above websites and will be dispatched to the shareholders of the Company in due course.

1.2 The Announcement has been reviewed and approved at the 11th meeting of the eighth session of the Board in 2017 (the "**Meeting**"). Mr. WANG Yuhang, Vice Chairman, was unable to attend the Meeting due to work reasons, and has authorised Mr. LIU Chong, non-executive director, to vote on his behalf. All other Directors attended the Meeting. All Directors warrant, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of the Announcement.

1.3 The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises ("**CASBE**"). The 2017 interim financial statements and notes of the Group (the "**2017 Interim Financial Report**") prepared in accordance with CASBE have not been audited. The reporting period (the "**Reporting Period**") refers to the six months starting from 1 January 2017 and ended on 30 June 2017.

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

1.5 Mr. WANG Hong, Chairman of the Board, Mr. MAI Boliang, President of the Company, and Mr. ZENG Han, General Manager of the Financial Management Department of the Company, warrant the truthfulness, accuracy and completeness of the Announcement and the 2017 Interim Financial Report.

1.6 The Board does not propose to declare the interim dividend for the period ended 30 June 2017 (the same period of 2016: Nil).

1.7 In the Announcement, A share(s) refers to the domestic ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Shenzhen Stock Exchange and traded in RMB, and H share(s) refers to the overseas-listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars.

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

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

2 BASIC INFORMATION OF THE COMPANY

2.1 Basic Information

Legal Chinese Name:	中國國際海運集裝箱（集團）股份有限公司
Abbreviated Chinese Name:	中集集團
English Name:	China International Marine Containers (Group) Co., Ltd.
Abbreviated English Name:	CIMC
Legal Representative:	WANG Hong
Authorised representatives:	MAI Boliang, YU Yuqun
Registered Address and Address of Head Office:	8th Floor, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC
Postal Code:	518067
Company Website:	http://www.cimc.com
Email Address:	shareholder@cimc.com
Principal Place of Business in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong

2.2 Contact Persons and Means of Communication

	YU Yuqun	WANG Xinjiu	SHEN Yang
	Secretary to the Board, Company Secretary	Representative of Securities Affairs	Assistant Company Secretary
Telephone:	(86 755) 2669 1130	(86 755) 2680 2706	(852) 2232 7318
Facsimile:	(86 755) 2682 6579	(86 755) 2681 3950	(852) 2805 1835
Email Address:	shareholder@cimc.com		

Contact Address in mainland China:	CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)
Contact Address in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong

3 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 Key Accounting Data

During the Reporting Period, the Company did not make retrospective adjustments to or restate the accounting data of previous years due to changes in accounting policies and correction of accounting errors.

Unit: RMB thousand

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

Unit: RMB thousand

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

Unit: RMB thousand

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

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

3.2 Key Financial Indicators

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

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

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

3.3 Non-Recurring Profit or Loss Items And Amounts

Unit: RMB thousand

Item	Amount (January – June 2017) (unaudited)
Gain/(loss) from disposal of non-current assets	13,739
Government grants recognised in profit or loss for the current period	91,032
Gains or losses from changes in fair value arising from holding of financial assets held for trading and financial liabilities held for trading, and investment gains arising from disposal of financial assets held for trading, financial liabilities held for trading and available for-sale financial assets, except for the effective hedging activities relating to the Group's ordinary activities	(20,332)
Net gains from disposal of investment	(25,460)
Other non-operating income and expenses other than the above items	38,201
Other profit/loss items defined as non-recurring profit/loss items	(105,549)
Effect of income tax	(30,200)
Effect of minority interests (after tax)	(29,616)
Total	**(68,185)**

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

4 INFORMATION ON SHAREHOLDERS

4.1 Number of Shareholders

As at the end of the Reporting Period (30 June 2017), the total number of issued shares of the Company was 2,980,352,786 shares, including 1,263,776,177 shares of issued A shares and 1,716,576,609 shares of issued H shares.

The total number of shareholders of the Company as at the end of the Reporting Period (30 June 2017) was 80,942, including 12 registered holders of H shares, 80,930 holders of A shares. Based on the public information available to the Company and as far as the Directors were aware, the minimum public float of the Company has satisfied the requirements of Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("**Hong Kong Listing Rules**").

4.2 Shareholdings of top 10 shareholders as at the end of the Reporting Period (prepared under domestic securities regulatory rules)

Shareholdings of the ordinary Shareholders who hold above 5% or the top ten ordinary Shareholders

Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Number of ordinary shares held at the end of the Reporting Period *(Shares)*	Changes during the Reporting Period *(Shares)*	Number of ordinary shares with selling restrictions *(Shares)*	Number of ordinary shares without selling restrictions
HKSCC Nominees Limited *(Note 1)*	Foreign legal person	57.59%	1,716,412,609	65,099,538	–	1,716,412,609
COSCO Container Industries Limited *(Note 2)*	Foreign legal person	14.50%	432,171,843	–	–	432,171,843
China Securities Finance Corporation Limited	State-owned legal person	2.70%	80,414,863	(6,252,204)	–	80,414,863
Central Huijin Asset Management Ltd.	State-owned legal person	1.27%	37,993,800	–	–	37,993,800
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Jiashi Fund – Agricultural Bank – Jiashi China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Explanation on the relationship or concerted action of the above Shareholders	Unknown					

Note 1: As at 30 June 2017, HKSCC Nominees Limited was the registered holder of 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 Limited ("**China Merchants Group**") through its certain subsidiaries and the 245,842,181 H shares of the Company held by China COSCO Shipping Corporation Limited ("**China COSCO Shipping**") through its subsidiaries (including the 220,520,075 H Shares held by COSCO Container Industries Limited).

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

4.3 Disclosure of Substantial Shareholders under the Securities and Futures Ordinance (the "SFO") of Hong Kong

So far as the Directors are aware, as at 30 June 2017, the persons other than a director, supervisor or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the SFO of Hong Kong are as follows:

Name of shareholder	Nature of shareholding	Number of shares *(shares)*	Capacity	Percentage of such shares in the issued shares of the same class *(%)*	Percentage of such shares in the total issued shares *(%)*
China Merchants Group *(Note 1)*	H shares	730,557,217 (L)	Interest of corporation controlled by the substantial shareholder	42.46%	24.51%
China COSCO Shipping *(Note 2)*	A shares	432,171,843 (L)	Interest of corporation controlled by the substantial shareholder	34.20%	14.50%
	H shares	245,842,181 (L)	Interest of corporation controlled by the substantial shareholder	14.32%	8.25%
Zhao John Huan *(Note 3)*	H shares	358,251,896 (L)	Interest of corporation controlled by the substantial shareholder	20.87%	12.02%
Broad Ride Limited *(Note 3)*	H shares	215,203,846 (L)	Beneficial holder	12.54%	7.22%
	H shares	143,048,050 (L)	Person having security interest in shares	8.33%	4.80%
Promotor Holdings Limited	H shares	143,048,050 (L)	Beneficial holder	8.33%	4.80%

(L) Long position

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

Note 2: Among which, 220,520,075 H shares were held by COSCO Container Industries Limited in the capacity of beneficial owner. 25,322,106 H shares were held by Long Honour Investments Limited in the capacity of beneficial owner. COSCO Container Industries Limited was wholly-owned by Long Honour Investments Limited, which was in turn wholly-owned by COSCO Shipping Development (Hong Kong) Co., Limited, which was wholly-owned by COSCO Shipping Development Co., Ltd., which was owned by China Shipping (Group) Company as to 39.02%, which was wholly-owned by China COSCO Shipping. Accordingly, pursuant to Part XV of the SFO, China COSCO Shipping was deemed to have interests in the 245,842,181 H shares of the Company. In addition, China COSCO Shipping also held 432,171,843 A shares of the Company through the aforementioned subsidiaries.

Note 3: 215,203,846 H shares were held by Broad Ride Limited in the capacity of beneficial owner while the other 143,048,050 H shares were held by Broad Ride Limited in the capacity of person having security interest in shares. Broad Ride Limited was wholly-owned by Hony Capital Fund V, L.P., which was in turn wholly-owned by Hony Capital Fund V GP, L.P., which was wholly-owned by Hony Capital Fund V GP Limited, which was wholly-owned by Hony Group Management Limited, which was wholly-owned by Hony Managing Partners Limited as to 80%, which was wholly-owned by Exponential Fortune Group Limited, which was wholly-owned by John Huan Zhao as to 49%. Accordingly, pursuant to Part XV of the SFO, John Huan Zhao was deemed to have interests in the 358,251,896 H shares of the Company.

Save as disclosed above and so far as the Directors are aware, as at 30 June 2017, no other person (other than a director, supervisor or chief executive of the Company) had any interests recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the SFO of Hong Kong.

4.4 Information on Substantial Shareholders

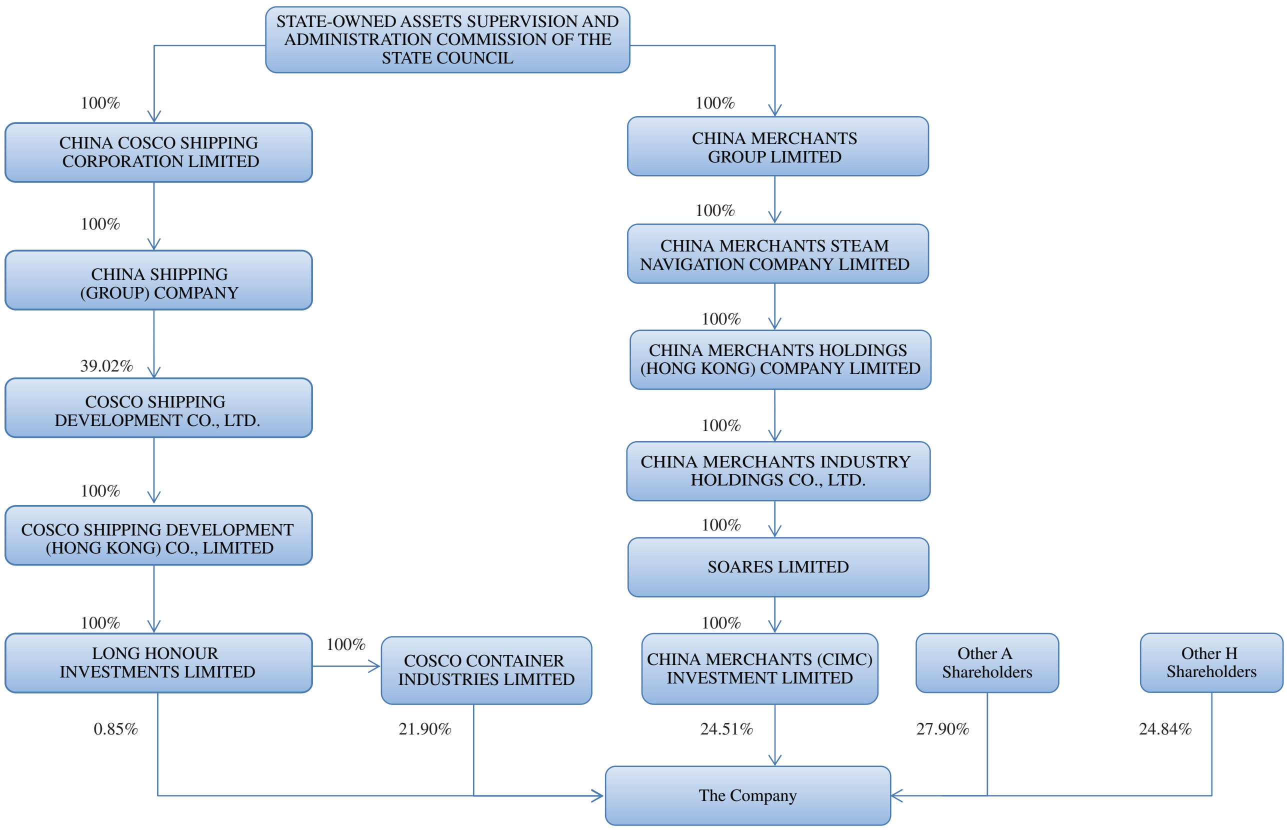
There is no controlling Shareholder or de facto controller of the Company, no change during the Reporting Period. As at the end of the Reporting Period, the substantial Shareholders of the Company are China Merchants Group and China COSCO Shipping.

China Merchants Group was incorporated on 14 October 1986 in the PRC. Its registered capital is RMB10,050 million and its chairman of the board of directors is Li Jianhong. China Merchants Group's business focuses on three core industries, namely traffic (harbour, highway, shipping and transportation, logistics, ocean engineering and trade), finance (bank, securities, funds and insurance) and real estates (industrial zone development and real estate development). On 9 June 2017, China Merchants Port Holdings Company Limited, a subsidiary of China Merchants Group, completed the transaction of transferring all shares of Soares Limited to China Merchants Industry Holdings Co., Ltd., another subsidiary of China Merchants Group. As of the end of the Reporting Period, China Merchants Group through its subsidiaries (including China Merchants Steam Navigation Company Limited, China Merchants Holdings (Hong Kong) Company Limited, China Merchants Industry Holdings Co., Ltd., Soares Limited and China Merchants (CIMC) Investment Limited) held 24.51% of the issued shares of the Company and remains as the largest shareholder of the Company indirectly.

China COSCO Shipping was incorporated in February 2016 in the PRC. Its registered capital is RMB11 billion and its legal representative is Xu Lirong. China COSCO Shipping will take shipping, integrated logistics and related financial service as the pillar to provide global integrated logistics supply chain services among various industrial clusters. As of the end of the Reporting Period, China COSCO Shipping, the second largest shareholder of the Company indirectly, through its subsidiaries (including China Shipping (Group) Company, COSCO SHIPPING Development Co., Ltd., Long Honour Investment Limited and COSCO Container Industries Limited etc.) held 22.75% of the issued shares of the Company.

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

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



5 REPORT OF THE BOARD

5.1 Overview of the Operating Results during the Reporting Period

In the first half of 2017, the global economy recovered moderately and the international trade resumed growth. The economies in the United States and the Eurozone generally recovered. Some regional markets in emerging economies rallied. However, global economic and trading activities were still exposed to various risks and uncertainties as affected by trade protectionism and other factors. The economy in China presented overall stable and favourable momentum with noticeable results achieved in the supply side reform. The replacement of old driving forces for economic growth with new ones accelerated and the economic development gradually became more stable and sustainable.

By virtue of the favourable domestic and overseas macroeconomic conditions, the prosperity of the relevant industries where the Group was engaged in improved significantly. During the Reporting Period, the Group's revenue amounted to RMB33,387.152 million (same period in 2016: RMB23,542.843 million), representing significant year-on-year growth of 41.81%. Among the principal businesses, the revenue from container manufacturing, road transportation vehicle and heavy truck business recorded significant growth. The revenue from energy, chemical and liquid food equipment, airport facilities equipment, logistics service and financial business sustained stable growth, while the revenue from the real estate business slightly decreased. As affected by an industry downturn, the revenue from the offshore engineering business significantly declined. During the Reporting Period, the Group's net profit attributable to the shareholders and other equity holders of the parent company amounted to RMB796.898 million (same period in 2016: loss of RMB378.034 million), turning the loss to profit year on year, where the net loss in the same period of the previous year was mainly due to the large amount of provisions provided for the amounts due from SinoPacific Offshore & Engineering Co., Ltd. (南通太平洋海洋工程有限公司) ("**SinoPacific**") of CIMC Enric.

5.2 Review of the Principal Businesses during the Reporting Period

The Group is principally engaged in the manufacture of modern transportation equipment, energy, chemical and liquid food equipment, offshore engineering equipment and airport facilities, as well as the provision of relevant services, including the design, manufacture and service of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, heavy trucks, Jack-up Drilling Platforms, Semi-submersible Drilling Platforms, special vessels and airport facilities. In addition, the Group is also engaged in logistics service, real estate development, finance and other businesses. Currently, the Group ranks No.1 in the world in terms of output and sales of standard dry containers and tank containers, and the Group is China's largest manufacturer of semi-trailers and also one of the leading high-end offshore engineering equipment enterprises in China.

During the Reporting Period, there was no significant change in the major business model of the Group, and the businesses contributing 10% or more to the Group's revenue or profit included containers, road transportation vehicles, energy, chemical and liquid food equipment, logistics services and finance business, respectively.

Container Manufacturing Business

The Group's container manufacturing business mainly deals with standard dry containers, reefer containers and special reefers. The Group has the capacity to produce a full series of container products with independent intellectual property rights. Special reefers include 53-foot inland North American containers, European wide containers, bulk containers, special reefer containers, foldable containers and other products. During the Reporting Period, the Group remained at top No. 1 in terms of output and sales of containers in the industry.

In the first half of 2017, there was a positive trend for the overall global trade environment. The growth of shipping volume was higher than expected. Imbalance between supply and demand was improved attributable to the continuous increase in shipping prices. In view of the current strain container supply and the positive view on future development, customers generally increased their procurement of new containers. Meanwhile, most of the plants in the domestic container manufacturing industry had upgraded their production lines to using water-based paint in the first half of this year in accordance with the environmental-friendly water-based paint self-discipline convention in the industry, thus affecting the effective production capacity in the industry. The production costs started to increase in the second quarter of this year. Container prices were basically stable after growth in the first quarter. In addition, the number of orders and container prices of the same period in the previous year was relatively at a low level, and the year-on-year base was low. As a result, we recorded a significant year-on-year increase in the sales volume and the revenue of containers of the Group during the Reporting Period.

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

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

Road Transportation Vehicle Business

With "the world's local manufacturing group (全球運營，地方智慧)" as its business philosophy, CIMC Vehicle (Group) Co., Ltd. ("**CIMC Vehicle (Group)**"), a subsidiary of the Group, is a globally leading road transportation vehicle manufacturing group, providing with global customers various special vehicle products, key parts of special vehicles and sales services. CIMC Vehicle (Group) has established 25 production and research and development bases in China, Northern America, Europe and emerging markets, and developed different product lines for special vehicles consisting of 10 series and more than 1,000 models, including container semi-trailers, flatbed/staked-side semi-trailers, low-flatbed semi-trailers, vehicle loaded semi-trailers, stake trucks, van trucks, tank trucks, dump trucks, sanitation trucks and special vehicles, covering major domestic and international markets.

In the first half of 2017, the global manufacturing industry and trade resumed growth and the Chinese economy gradually became stable. There was a noticeable trend in replacement with light trucks for road transportation vehicles benefiting from the extended impacts of implementation of the policy of the mandatory standard on the limits of dimensions, axle load and masses for vehicles, trailers and combination of vehicles (GB1589-2016) promulgated by the central government in 2016 and the continued domestic stringent governance against overloading. Meanwhile, more domestic infrastructure projects commenced construction, which boosted the growth of demand for intelligent urban muck trucks. In the overseas market, although the shipping performance in the North American market remained strong, the cyclical demand for semi-trailers declined. With the economic recovery in Europe, the demand in some local markets in emerging markets was buoyant.

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

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

Energy, Chemical and Liquid Food Equipment Business

The Group's subsidiary CIMC Enric is principally engaged in design, development, manufacturing, engineering and sales of various transportation, storage and processing equipment widely used in three sectors, namely energy, chemical and liquid food, as well as provision of relevant technical and maintenance services. Its energy and chemical equipment products and services are supplied throughout China and are exported to Southeast Asia, Europe and North and South America; and from its production base in Europe and China, its liquid food equipment products and services are offered worldwide. CIMC Enric has established a business landscape featuring "the world's local CIMC (地方智慧，全球運營)" based on its production bases located in China and Europe.

As the oil prices in the international market rose after they bottomed out in the second half of 2016 and the Chinese government promulgated favourable policies, the market demand for LNG equipment increased in the first half of 2017. During the Reporting Period, the revenue from the energy equipment segment of CIMC Enric significantly increased. The revenue from the chemical equipment segment recorded year-on-year growth due to the strong demand for standard tank containers. The revenue from the liquid food equipment segment achieved slight growth due to the growth from the acquisition of Briggs Group Limited in June 2016.

During the Reporting Period, the energy, chemical and liquid food equipment business of the Group recorded revenue of RMB5,060.511 million (same period in 2016: RMB4,338.109 million), representing a year-on-year increase of 16.65%. The net profit was RMB52.263 million (same period in 2016: net loss of RMB1,021.577 million), showing a turn from loss to profit. The revenue from the energy equipment business of CIMC Enric was RMB2,164.153 million (same period in 2016: RMB1,445.660 million), representing a year-on-year increase of 49.70%; the revenue from the chemical equipment business was RMB1,363.939 million (same period in 2016: RMB1,248.365 million), representing a year-on-year increase of 9.26%; and the revenue from the liquid food equipment business was RMB1,098.214 million (same period in 2016: RMB1,043.477 million), representing a year-on-year increase of 5.25%.

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

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

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

Offshore Engineering Business

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

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

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

In the severe industry environment, CIMC Raffles strived to develop a variety of business models to explore market potential. During the Reporting Period, CIMC Raffles acquired new orders amounting to RMB230 million. In April 2017, a letter of intent for the construction of deep sea breeding equipment potentially worth US$250 million was entered into with Ocean Aquafarms AS Company in Norway. In May, a cooperation agreement for two FPPs (250MW+60MW) was entered into with Haruma, an electricity operator in Indonesia. The combustible ice lease project of Blue Whale No. 1, which is a semi-submersible drilling platform with the greatest water depths for operation and drilling in the world recently and is designed and constructed by CIMC Raffles, commenced in February 2017 and started drilling on 28 March. On 18 May, the trial mining succeeded, marking the exploration and development of combustible ice in the waters of China taking lead worldwide, and receiving a message of congratulation from the State Council. In addition, it was expected that the Petrobras lease for the CR600 deepwater semi-submersible accommodation platform of CIMC Raffles would be put in place in the second half of this year.

Logistics Service Business

With the development ideas of "equipment changes logistics", the Group's logistics service business took full advantage of the core advantage of logistics equipment. The Group focused on five key business development directions of global container operation and management, shipping and project logistic services, multimodal transport, equipment logistics and contract logistics and formed four major business lines comprising container services, shipping and project logistics, rail-water transport and equipment logistics, in order to focus on and build up core competitiveness in terms of professional competence and vertically integrated capability.

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

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

In the first half of 2017, the logistic service business of the Group steadily pushed forward the four major business lines. (1) The container services business line enhanced organisational structure, and specified the development strategies for its seven key products during the 13th Five Year Plan, namely vacant/loaded container yards, tank container yards, wharf services, railway yards and stations, services for reefer containers, trading of new/old containers and global container operation and management. It realised the layout of container yards in Southeast Asia (Thailand and Vietnam) and the network distribution of container yards in overseas. It also enhanced the sales performance of second-hand containers by expanding sales channels and broadening sources of containers. (2) The shipping and project logistic services business line actively seized the market opportunities arising from the national strategy, the "Belt and Road", so as to expand its shipping and freight forwarding, project logistics and contract logistics businesses. It enhanced and strengthened the services network of freight forwarding in coastal regions such as Xiamen and Shenzhen and optimised the national layout of shipping forwarding in order to facilitate the collaboration of shipping and freight forwarding. By creating synergy with the container services business line and taking Thailand and Vietnam as the starting points, it gradually carried out business expansion in target regions including other Southeast Asian countries, and rapidly acquired the network distribution and superior resources for the "Belt and Road" in the Middle East and Central Asia by cooperating more closely with regional leading enterprises in terms of business and capital. (3) The rail-water transport business line kept on putting effort into business focusing and organisation optimisation. CIMC Kaitong Logistics Development Co., Ltd., an enterprise under direct management, entered into CAAs and slot booking agreements with major shipping companies, expanding its service network into the middle reaches of the Yangtze River. It also succeeded in opening the "Nanjing- Russia" of China Railway Express, which enhanced the rail-water transport system centring on the Yangtze River. In order to facilitate the implementation of the strategy of "one body with two wings" for rail-water transport business line, Sino-Worlink (Beijing) International Logistics Co., Ltd. (中世運（北京）國際物流有限公司) actively promoted the development of multimodal transport in Central Asia and China and Mongolia regions by developing customers and business of railway roll containers. (4) Under the business mode of "equipment changes logistics", the equipment logistics business line specified three major product businesses of equipment logistic services, equipment lease operation and equipment R&D and manufacturing which focused on three major sectors, namely automobile, food and energy and chemical industries. It actively promoted efficient production and developed the domestic market. For equipment lease and operation, it took initiative in offline network distribution and the preliminary construction of lease sharing platform. It also focused on the consolidation and cultivation of the full supply chain services in the automobile industry.

Heavy Truck Business

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

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

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

During the Reporting Period, C&C Trucks kept making changes to be better and put more effort in sales by reconsolidating resources and institutions, product improvement, channel building, international market expansion, end market development, smooth and prompt services and other marketing combinations. In respect of the domestic market, C&C Trucks put continuous effort into product adjustment and optimisation and focused on the market demand and the major products in regions to develop marketable products so as to introduce cost-effective products and comprehensively enhance the vehicle delivery capacity. The new marketing model of "Internet + Logistics + Manufacturing + Finance + Aftermarket Services" achieved preliminary results and deepened progressively. In the first half of this year, both its performance and brand influence improved. "C&C Trucks" was awarded the prominent trademark of Anhui Province. It won three major awards including the "2017 Hazardous Chemical Vehicle Model Mostly Trusted by Truck Owners in China". It also won the "Logistics Technology Innovation Award" in 2017 Global Logistics Technology Conference in Chengdu. As a member of the Group, C&C Trucks was the only heavy truck manufacturer participating in the Intermodal Asia 2017 in Shanghai. C&C Trucks also participated in China Truck Racing Championship and won the champion in the domestic category, the champion in 12L group for the year and the runner-up in terms of racing team performance. In respect of the international market, affected by upgrading in emission standards, control in capital risk and other factors, the gap to international sales target of C&C Trucks was quite large in the first half of this year. Nonetheless, it is expected the business will achieve sales growth and make up the gap by taking measures such as improving channel capacity, R&D of new products and project implementation in the second half of this year.

Airport Facilities Equipment Business

The Group's airport facilities business is mainly operated by Pteris Global Ltd. ("**Pteris**"), Shenzhen CIMC-Tianda Airport Support Co., Ltd., Albert Ziegler Gmbh ("**Ziegler**") and its subsidiaries. The Group also integrates and achieves synergy with its subsidiary China Fire Safety Enterprise Group Limited ("**CFSE**") over the advantages of resources. The principal business includes boarding bridges, automated logistics systems and Ground Support Equipment (GSE) business (including shuttle buses and lifting platform vehicles etc.), fire trucks and other rescue vehicles as well as smart parking business.

In the first half of 2017, the global airline industry sustained healthy development. With the rapid development of the airline industry in China and the accelerated equipment replacement of U.S. airports, the demand for airport facilities equipment continued to grow steadily. Affected by the budget trimming of European governments, the growth of fire and rescue equipment in Europe will be affected to a certain extent. On the other hand, there was remarkable growth in China's market as driven by the increased effort into infrastructure construction in China. The further development of e-commerce and express in China brought excellent opportunities to the automatic logistics equipment. The Chinese government attached importance to the problem of parking difficulties in cities. Upon the joint promulgation of the Guidance Opinions on Strengthening the Construction of Urban Parking Facilities (Fa Gai Ji Chu [2015] No. 1788) by the National Development and Reform Commission, the Ministry of Finance, the Ministry of Land and Resources, the Ministry of Housing and Urban-Rural Development, the Ministry of Transport, the Ministry of Public Security and the China Banking Regulatory Commission, local governments had introduced policies on encouraging the development of the parking industry, which brought about continuous positive effect on the smart parking equipment industry.

During the Reporting Period, the Group's airport facilities equipment business recorded sales revenue of RMB1,180.919 million (same period in 2016: RMB1,128.444 million), representing a year-on-year increase of 4.65%. It recorded net loss of RMB4.173 million (same period in 2016: net profit of RMB10.705 million), representing a year-on-year loss, which was mainly due to the delayed recognition of revenue of some projects and the increase in technology R&D during the Reporting Period.

During the Reporting Period, the strength of the Group's airport facilities equipment business was further improved: (1) In respect of the boarding bridge business: It presented further stable growth in the domestic business by acquiring the RMB300 million worth order from Shanghai Pudong International Airport during the Reporting Period, which was the largest order in China, while accelerating the expansion plan in the U.S. market. The bridge loading air conditioning business as the ancillary products of boarding bridge also maintained stable development in the first half of this year. (2) In respect of the fire and rescue vehicle business: the Ziegler Group strategically invested in Cela Srl, a Italian company, to safeguard the supply of ladder technologies. The CFSE increased its investment in technologies in order to further reduce costs and enhance delivery capacity. The business promoted stable growth. (3) In respect of the automated logistics systems business: by introducing a R&D team, it acquired the automated high speed sorting technology, which is the core technology of the automated logistics industry, enabling it to directly compete with its major international competitors in terms of technology. (4) In respect of the engineering vehicle business: the two-way shuttle bus services and pure electrical products of Xinfa Airport Equipment Ltd., a subsidiary, further gained recognition from customers with increased profit. AeroMobiles Pte. Ltd shut down the Malaysia plant which showed a lack of competitiveness to control costs. CIMC Air Marrel SAS maintained stable development. (5) In respect of the smart parking business: during the Reporting Period, it upgraded its stereo parking equipment business. CIMC Smart Parking Co., Ltd. was established to strengthen smart garage development to comply with the policy of Document No. 1788.

Real Estate Development Business

CIMC Shenfa Development Co., Ltd. ("**CIMC Shenfa**") and Shenzhen CIMC Skyspace Real Estate Development Co., Ltd ("**CIMC Skyspace Real Estate**"), the controlled subsidiaries of the Group, and the subsidiaries is engaged in the real estate development business. The main operations include the development of complex, development and operation of industrial parks and development of traditional real estate.

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

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

In the first half of 2017, CIMC Skyspace Real Estate strengthened its effort into the expansion of industrial parks, and the model of industrial parks became more mature. In March 2017, it established a project company for an industry park in Beijing West and accelerated the implementation of an industrial real estate project in the New Shougang Comprehensive Service Zone in Beijing. In April, CIMC Elite Apartment was open in Song Shan Lake, Dongguan, marking the entering into the asset holding and operation business line. In June, the UK Overseas Innovation Centre of the Group was established in London, the U.K., which promoted the international development trend of incubators. In July, it cooperated with Dongguan Water Investment Group to push forward the implementation of the China-UK Low Carbon Industry Park project. Moreover, in order to accelerate land expansion and facilitate the long-term development of the CIMC International City, CIMC Skyspace Real Estate acquired the remaining 40% equity in Yangjiang CIMC Furi Real Estate Development Co., Ltd. in June 2017.

Meanwhile, in order to improve the integrated development capability and realise the sustainable development of the Group's industrial city development business, CIMC Skyspace Real Estate intends to introduce Country Garden Real Estate Group Co., Ltd* (碧桂園地產集團有限公司) ("**CGRE**") as a strategic investor by the way of capital increase in July 2017. CGRE injected capital of RMB926,322,300 to CIMC Skyspace Real Estate for a 25% shareholding in CIMC Skyspace Real Estate. The Company holds 61.5% equity interest in CIMC Skyspace Real Estate through CIMC Shenfa. The introduction of strategic investor by the way of capital increase will help CIMC Skyspace Real Estate absorb and utilise the funds, talents and professional experiences of the industry-leading enterprise, to enhance the capital strength and business development capability of CIMC Skyspace Real Estate, and convert the industrial city development business into a new impetus for the Group's earnings growth in the future by more effectively revitalising and utilising the existing land resources of the Group.

Financial Business

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

During the Reporting Period, in respect of the financial business, the Group achieved revenue of RMB1,148.040 million (same period in 2016: RMB1,114.356 million), representing a year-on-year increase of 3.02%, and net profit of RMB516.097 million (same period in 2016: RMB453.708 million), representing a year-on-year increase of 13.75%. The increase in net profit was mainly due to the reduction on expenses by improving operation efficiency of such business segment during the Reporting Period.

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

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

Others Businesses:

Modular Building Business

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

In the second half of 2017, the Group's modular building business will further consolidate its existing markets including the U.K. and Australia and will also put much more effort into the expansion of new markets such as Africa and Northern Europe so as to diversify its markets. In the domestic market, the implementation of the "Belt and Road", the construction of Xiong'an New Area and other national policies will bring about new opportunities for the modular business of CIMC. A number of large projects will also commence construction in China. The Group will strengthen its collaboration with strategic partners to push forward the implementation of potential projects. With respect to technology, it will upgrade its corporate standards to the industry standards in China in order to regulate the organisational system of steel structure modular and promote the standardisation progress of modular building business in China.

Multimodal Transport Business

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 transport business. It aims to maximise the Group's comprehensive advantages in brand, equipment, finance and services, utilise the advanced internet technologies to effectively link different modes of transport, and promote the widespread application of the Group's products in the multimodal transport industry, so as to create a domestic multimodal transport platform. During the Reporting Period, in respect of international rail-sea transport business, CIMC Multimodal Transport Company sustained stable development and established a company in the U.S. in order to put much more effort into the expansion of the U.S. market and to develop the China-North America multimodal transport business. In respect of road-railway transport business, it launched a total of six railway container lines and preliminarily established the multimodal transport network in South China, Central China and Northwest China. The application of new containers including tank containers, 35-tonne open-top containers and coil containers in railway was further promoted. The international rail-sea transport business, equipment logistics, steel business and road-railway transport business also had rapid development.

In the second half of 2017, the overall logistics industry is expected to maintain stable operation. Leveraging the continuous establishment of the multimodal transport system and the application of mobile internet and other new technologies, the logistics efficiency in the society will improve. The Group will accelerate its network distribution of multimodal transport channels and set foot in station operation to commence the establishment of multimodal transport node network. It will also look into the establishment of a transportation and distribution system which serves the channel network and commence the establishment of a multimodal transport platform.

5.3 Prospects and Initiatives

5.3.1 Industry Development Trends and Market Outlook in the Second Half of This Year

In the second half of 2017, the global economy is expected to continue to recover moderately, and the international trade will further prosper. China will further deepen and reinforce the supply-side structural reform, accelerate implementation of the strategy of innovation motivating development and maintain a "prudent and neutral" monetary policy. The economic operation in China will maintain the stable and favourable momentum.

In respect of the container manufacturing business, based on the latest prediction of CLARKSON (an authoritative analysis institution in the industry), the growth of global container trade will be approximately 4.8% in 2017. It is a relatively high level of growth in recent years. It is expected that the imbalance of supply and demand in the global shipping industry will further improve in the second half of this year, and the results of container shipping companies will improve significantly with stronger willingness for customers to purchase containers, driving the overall demand for containers to have greater increase this year.

In respect of the road transportation vehicle business, in the second half of 2017, the periodical demand of the semi-trailer industry in the United States will begin to experience downturn. The economies in Europe will maintain the momentum of recovery. There will be obvious segmentation of the economy of emerging markets with brisk demand in certain regional markets. The Chinese market will sustain the stable and favourable economic momentum. In spite of the uncertainties in real estate and infrastructure investment, it is expected that the demand for smart muck trucks for construction use will not decline. At the same time, the implementation of policy measures, which include advancing the management of serious over speed, passenger overload as well as overload of road traffic, regulating conformity of production, the change of yellow-label vehicles to green-label vehicles, urban environmental governance and improvement of emission standards for vehicles and so on, will accelerate domestic industrial transformation and upgrade as well as product replacement and upgrade.

In respect of the energy, chemical and liquid food equipment business, after the promulgation of the 13th Five Year Plan on Energy Development in 2016, the National Development and Reform Commission in China promulgated the notice on the Opinion of Accelerating the Use of Natural Gas, which focused on accelerating the use of natural gas in urban gas, industrial fuel, gas power generation, transportation and other sectors by clean fuel alternatives and development of emerging markets. In addition, the relevant government authorities kept on introducing policies to encourage the commencement of multimodal transport, construction of logistics infrastructure, setting up demonstration projects of multimodal transport and construction of hub stations for multimodal transport, which will be beneficial to the penetration of tank containers of the Group in the logistic industry in China.

In respect of the offshore engineering business, in the second half of 2017, it is expected that fossil energy will continue to play a major role in the global energy structure and natural gas will have the greatest growth potential. The global oil prices are expected to continue to rally. The global offshore engineering equipment industry has weathered its toughest times and started to bottom out. The market segments of the offshore engineering business, such as FLNG (Floating Liquefied Natural Gas), FPSO (Floating Production Storage and Offloading) and FSRU (Floating Storage and Regasification Unit FSRU), will gain new development momentum in the future.

In respect of the logistics services business, in the second half of 2017, it is expected that the logistic industry in China will maintain the basic trend of stabilising and turning positive steadily. Some countries are in the stance of inclining to protectionist so there will be quite a number of uncertainties. It will be difficult for the logistics industry to pick up. Besides, there will be another round of mergers and reorganisation in the industry. With the continuous implementation and progress in a series of favourable national policies including the "Beijing-Tianjin-Hebei integration", "the "Belt and Road" policy, Yangtze River customs clearance structural reform and the construction of the Guangdong – Hong Kong – Macau Greater Bay Area, the domestic logistics industry will face greater challenges and opportunities.

In respect of the heavy truck business, in the second half of 2017, it is expected that the uncertainties will remain large in the macro-economic factors faced by the domestic heavy truck business. The expectation in financial policies, accelerated implementation of PPP projects and "major infrastructure" will continue to promote investment in fixed assets and drive the demand for medium and heavy trucks, together with the high demand for replacing medium and heavy trucks arising from the stringent traffic restrictions and the upgrade of old vehicle models. It is expected that road transportation, project construction and mine mining will continue to be the major users of heavy trucks. The planning on vehicle models will also be adjusted according to different market segments.

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

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

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

5.3.2 Major Risk Factors of the Group

In the second half of 2017, the Group will still be exposed to the following macroeconomic and policy adjustment risks against its business environment.

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

- **Risk of industry policy upgrade:** China's economy entered into the "new normal" and the government of China presents the road map for and overall objective of comprehensively deepening reform to push forward the transformation and upgrade of economic structure. The industrial policies, tax policies, policies of environmental protection and land policies, etc. that have a huge impact on the business of enterprises have been promulgated one after one. The industries involved in the principal business operations of the Group, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years.

- **Fluctuations of financial market and exchange risks:** The presentation currency of the consolidated statements of the Group is RMB. The Group's exchange risks are mainly attributable to the foreign currency exposure resulting from the settlement of sales, purchases and finance in currencies other than RMB. The process in China's financial reform such as Renminbi internationalisation results in exchange rate fluctuations in the RMB against the USD more frequently and with bigger amplitude, which will make the Group's foreign exchange and money management more difficult.

- **Market competition risks:** The principal businesses of the Group are confronted with competition from domestic and foreign enterprises. In particular, a weak demand or relative overcapacity in certain industries will lead to an imbalance between supply and demand, which will cause an intensified competition in the industry. Besides, the competition pattern of the industry may change due to the entry of new comers or improved capacity of existing rivals.

- **Employment and environmental protection pressure:** Due to demographic changes and as the demographic dividend is near to being cashed out, Chinese manufacturers are generally facing the adjustment and change of employment structure, and the labour costs of China's manufacturing industries are constantly soaring. The automation represented by the robot is becoming one of key directions for future upgrading of the traditional manufacturing industries. In addition, China is implementing sustainable development strategies and has strengthened the supervision of and punishment on environmental protection. The Group has worked on environmental protection according to the national and industrial requirements on environmental protection, thus it is under certain environmental protection pressures.

5.3.3 Overall Operation Targets for Business Development and Initiatives of the Group in the Second Half of 2017

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

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

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

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

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

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

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

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

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

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

6 MANAGEMENT DISCUSSION AND ANALYSIS (PREPARED IN ACCORDANCE WITH RELEVANT REQUIREMENTS OF THE HONG KONG LISTING RULES)

The financial data below is extracted from the unaudited 2017 interim financial statements prepared by the Group in accordance with CASBE. The following discussion and analysis should be read together with the 2017 interim financial statements and theirs notes set forth in other chapters of the Announcement.

Changes in Accounting Policies for the Reporting Period

On 28 August 2017, as considered and approved by the 11th meeting of the eighth session of the Board of Directors of the Company for 2017 and the 6th meeting of the eighth session of the Supervisory Committee for 2017, the Company revised the accounting policies of the Company pursuant to the requirements under "Notice on Issuance of Revised Accounting Standards for Business Enterprises No. 16 – Government Subsidy" (Cai Kuai [2017] No. 15) issued by Ministry of Finance ("**MOF**") of the People's Republic of China and "Notice on the Issuance of the Accounting Standards for Business Enterprises No. 42 – Non-current Assets Held for Sale, Disposal Group and Termination of Operation"(Cai Kuai [2017] No. 13) issued by MOF. Such change in accounting policy has no material impact on the Group's financial condition, operation results and cash flow for the six-month period from 1 January to 30 June 2017, and does not involve retroactive adjustments of the financial statements in previous years. Restatement is not required in the comparative financial statements of the Company for the period of January – June 2016. For further details, please refer to "11.2 Explanation for Changes in Accounting Policy, Accounting Estimates and Calculation Method as Compared with those for the Financial Report of the Previous Year" in the Announcement.

6.1 Key Financial Figures Analysis

Consolidated Operating Results

During the Reporting Period, the Group recorded revenue of RMB33,387.152 million (same period in 2016: RMB23,542.843 million) and net profit attributable to shareholders and other equity holders of the parent company of RMB796.898 million (same period in 2016: loss of RMB378.034 million). For details, please refer to "5.1 Overview of the Operating Results during the Reporting Period" and note 6 of "11 2017 Interim Financial Report" in the Announcement.

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

Segment information

For the details of the segment information of the Group during the Reporting Period, please refer to "5.2 Review of Principal Businesses during the Reporting Period" and note 13 of "11 2017 Interim Financial Report" in the Announcement.

Gross profit margin and profitability

During the Reporting Period, the gross profit margin of the Group was 18.41% (same period in 2016: 18.76%), representing a slight year-on-year decrease of 0.35%. Among the principal businesses, the gross profit margin of container manufacturing and heavy trucks increased, the gross profit margin of offshore engineering business turned from profit to loss as affected by the continued downturn in the industry, the gross profit margin of the remaining segments remained basically stable or slightly decreased as compared with the same period of last year.

Technology development costs

During the Reporting Period, the technology development costs of the Group were RMB288.459 million (same period in 2016: RMB230.097 million), representing a year-on-year increase of 25.36%, which were mainly due to the increased investment in technology R&D of the Group during the Reporting Period.

Income tax expenses

During the Reporting Period, the income tax expenses of the Group were RMB509.633 million (same period in 2016: RMB375.316 million), representing a year-on-year increase of 35.79%, which were mainly due to the increase in current income tax as calculated according to the tax regulations as a results of the significant increase in profit of the Group during the Reporting Period. For details, please refer to note 9 of "11 2017 Interim Financial Report" in the Announcement.

Year-on-year change exceeding 30% in key financial data during the Reporting Period

Unit: RMB thousand

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

	The Reporting Period (January to June 2017) (unaudited)	Same period in 2016 (January to June 2016) (unaudited)	Change (%)	Reasons for the change
Financial expenses-net	594,251	304,944	94.87%	Mainly due to the increase of interest expenses and exchange losses in the Reporting Period.
Asset impairment losses	234,437	1,267,501	(81.50%)	Mainly due to the substantial impairment provision as a result of the termination of acquisition of SinoPacific by CIMC Enric in the same period of last year.
(Loss)/profit from changes in fair value	(32,626)	137,104	(123.80%)	Mainly due to the change in fair value of derivative financial instruments in the Reporting Period.
Investment income	(10,628)	(87,328)	87.83%	Mainly due to the greater losses from the settlement of derivative financial instruments in the same period of last year.
Cash received from returns on investments	21,903	241,771	(90.94%)	Mainly due to the receipt of dividends of associates in the same period of last year.
Cash paid to acquire investments	142,020	791,687	(82.06%)	Mainly due to the greater amount of investment in associates in the same period of last year.
Net cash paid to acquire subsidiaries	5,000	764,577	(99.35%)	Mainly due to the cash paid for the acquisition of Retlan Manufacturing Limited and Briggs Group Limited in the same period of last year.
Cash received from capital contributions	33,776	1,542,157	(97.81%)	Mainly due to the receipt of investment payment from the strategic investors introduced by the Company's subsidiaries including CIMC Vehicle (Group) and Shenzhen CIMC Electricity Commerce and Logistics Technology Co., Ltd. in the same period of last year.

6.2 Financial Resources Review

Liquidity and financial resources

The Group's cash at bank and on hand primarily consist of cash and bank deposits. As at 30 June 2017, the Group's cash at bank and on hand amounted to RMB5,737.102 million (31 December 2016: RMB6,325.998 million), representing a decrease of 9.31% as compared with the end of the previous year. The Group's funds mainly derived from the funds generated from operation and bank borrowings. The Group has always adopted prudent financial management policies and maintained sufficient and appropriate cash on hand to repay the bank loans falling due and ensure the business development.

Bank loans and other borrowings

As at 30 June 2017, the Group's short-term borrowings, long-term borrowings, debentures payable and other current liabilities (issuance of commercial papers) in aggregate amounted to RMB57,072.710 million (31 December 2016: RMB55,932.185 million).

Unit: RMB thousand

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

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

Capital structure

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

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

Foreign exchange risk and relevant hedge

The major currency of the Group's business revenue is U.S. dollars, while most of its expenditure is made in RMB. As the exchange rates of RMB are affected by domestic and international economic and political situations, and the demand and supply of RMB, the Group is exposed to potential foreign exchange risk arising from the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and has financial condition. The management of the Group has closely monitored its foreign exchange risk and taken appropriate measures to avoid foreign exchange risk.

As at 30 June 2017, the forward foreign exchange contracts of the Group mainly consisted of unsettled forward contracts denominated in U.S. dollars, Japanese Yen, Great Britain Pound and Euro, the nominal value of which amounted to US$33.50 million, JPY696.89 million, GBP6.50 million and EUR11.50 million, respectively. Pursuant to these forward contracts, the Group shall buy/sell U.S. dollars, Japanese Yen, Great Britain Pound and Euro, with contracted nominal value at agreed rates in exchange of RMB on the contract settlement dates. The forward foreign exchange contracts of the Group will be settled on a net basis by comparing the market rates on the settlement dates and the agreed rates. The settlement dates of the aforesaid contracts range from 10 July 2017 to 16 April 2018.

As at 30 June 2017, the Group had five unsettled currency swap contracts denominated in U.S. dollars and RMB. The initial nominal principal of these contracts amounted to US$15,000,000 and RMB52,847,000. The settlement dates of the aforesaid swap contracts will be 25 September 2017, 20 December 2017, 20 December 2017, 20 December 2017 and 20 December 2017, respectively. As at 30 June 2017, the currency swap contracts of the Group with fair value of RMB333,000 were included in financial assets and financial liabillities at fair value through profit or loss as derivative financial instruments. Transaction costs on realisation have not been deducted from the fair values.

Interest rate risk

The Group is exposed to the market interest rate change risk relating to its interest-bearing bank loans and other borrowings. To minimise the impact of interest rate risk, the Group entered into interest rate swap contracts with certain banks.

As at 30 June 2017, the Group had 19 unsettled interest rate swap contracts denominated in U.S. dollars. The nominal value of these contracts amounted to US$1,453,802,000 in total. The settlement dates of the aforesaid contracts range from 1 January 2019 to 28 June 2021. As at 30 June 2017, the interest rate swap contracts with fair values of RMB247,296,000 were included in financial assets and financial liabilities at fair value through profit or loss as derivative financial instruments. Transaction costs on realisation have not been deducted from the fair values.

Credit risk

The Group's credit risk is primarily attributable to cash at bank and on hand, receivables, derivative financial instruments entered into for hedging purposes, etc. Exposure to these credit risks is monitored by the management on an ongoing basis.

Pledge of assets

As at 30 June 2017, the restricted assets of the Group totally amounted to RMB8,902.078 million (31 December 2016: RMB9,756.883 million), representing a decrease of 8.76% as compared with the end of the previous year. For details, please refer to note 14 of "11 2017 Interim Financial Report" in the Announcement.

Capital commitments

As at 30 June 2017, the Group had capital expenditure commitments of approximately RMB494.514 million (31 December 2016: RMB417.786 million), representing an increase of 18.37% as compared with the end of the previous year, which were mainly used as external investment contracts entered into but not performed or performed and manufacturing ships for sales or lease. For details, please refer to note 16(1) of "11 2017 Interim Financial Report" in the Announcement.

Contingent liability

As at 30 June 2017, the Group had contingent liabilities of approximately RMB59.028 million (31 December 2016: RMB83.248 million), representing a decrease of 29.09% as compared with the end of the previous year. For details, please refer to note 15(1) of "11 2017 Interim Financial Report" in the Announcement.

Significant investments and major acquisitions and disposals relating to subsidiaries and associated companies

During the Reporting Period, the Group did not make any significant investment and had no major acquisitions and disposals relating to subsidiaries and associated companies.

Future plans for significant investments and expected sources of funding

For the investment plan of the principal businesses of the Group in the second half of the year, please refer to "5.3 Overall Operation Targets for Business Development and Initiatives of the Group in the Second Half of 2017" in the Announcement. The operating and capital expenditures of the Group are mainly financed by our own fund and external financing. The Group will take a prudent attitude to enhance its operating cash flow. The Group has sufficient sources of funding to meet the requirements of capital expenditure and working capital.

Capital expenditure and financing plan

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

On 31 May 2016, as considered and approved at the shareholders' general meeting, the Company proposed a non-public offering of new A shares to eligible investors for no more than RMB6,000 million (the "**Non-public Offering of A Shares**"). On 17 January 2017, as certain matters still need to be resolved, the Company submitted an application to the China Securities Regulatory Commission for the suspension of inspection of the documents of the Non-public Offering of A Shares. On 9 June 2017, in order to ensure the implementation of the relevant work, upon consideration and approval at the annual general meeting of 2016 and the first 2017 class meeting of A Shares and the first 2017 class meeting of H Shares, the Company revised its issuance proposal for the Non-public Offering of A Shares and extended the validity period of the resolution by the shareholders' general meeting as well as the validity period of the mandate for the Board. For details, please refer to the 2016 Annual Report of the Company and the relevant announcements dated 17 January, 21 April and 9 June 2017 disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk). As at the end of the Reporting Period, the Non-public Offering of A Shares is still suspended.

Use of Proceeds

On 31 December 2015, the Company issued a total of 286,096,100 H Shares to COSCO Container Industries Limited, Broad Ride Limited and Promotor Holdings Limited at HK$13.48 per H Share, and the proceeds raised were HK$3,856,575,428 (equivalent to RMB3,227,639,131) which were used to replenish the Group's working capital. As of 30 June 2017, the proceeds raised of HK$3,856,003,635 (equivalent to RMB3,227,160,660) have been actually used by the Company. The proceeds raised of HK$571,793 (equivalent to RMB496,271) have not been used, which will be used to replenish the liquidity by the Company.

Employees, training and development

As at 30 June 2017, the Group had 50,810 employees in total (the end of the same period in 2016: 52,332) in the PRC. The total staff cost of the Group during the Reporting Period, including Directors' remuneration, contribution to the retirement benefit schemes and share option schemes, amounted to RMB3,216.847 million (same period in 2016: RMB2,129.005 million), representing a year-on-year increase of 51.10%, which was mainly attributable to the comparatively low base of staff cost in the same period of the previous year due to the decline in container manufacturing and other business in such period.

The Group provides salary and bonus payment to its employees based on their performance, qualification, experience and market earnings as a kind of incentive. The share option scheme aims to recognise the previous contribution of Directors and core employees to the Group and reward them for their long-term services. Other benefits include contribution to the governmental pension schemes and insurance plans for employees in mainland China. The Group regularly reviews its remuneration policies, including the amount of remuneration payable to Directors, and strives to formulate an improved incentive and assessment mechanism based on the operating results of the Group and market conditions.

Dividend Distribution

The Board proposed that no interim cash dividend for 2017 shall be distributed, no bonus shall be issued, and no share shall be converted from reserves into share capital (six months ended 30 June 2016: Nil).

Events after the balance sheet date

For details about the events after the balance sheet date of the Reporting Period, please refer to note 18 of "11 2017 Interim Financial Report" in the Announcement.

Disclosure under the Hong Kong Listing Rules

In accordance with paragraph 46 of Appendix 16 of the Hong Kong Listing Rules, the Company confirms that, save as disclosed herein, there has been no material change in the current information regarding the Company from the information disclosed in the 2016 Annual Report of the Company.

7 REPURCHASE, SALE AND REDEMPTION OF SHARES

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

8 COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

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

9 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed to raising the standard of corporate governance the Group and believes that good corporate governance helps the Group to safeguard the interests of the Shareholders and improve its business performance. The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules (including the new code provisions in relation to internal control and risk management) during the Reporting Period, except for slight deviation from the code provisions A.1.1, A.2.7, A.6.7 and E.1.2. The latest corporate governance report of the Company was set out in 2016 Annual Report. Deviations during the Reporting Period have been disclosed in relevant paragraphs below.

Updates regarding to Deviations from Code Provisions as set out in 2016 Annual Report of the Group

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

Code provision A.6.7 requires that "Independent non-executive directors and other non-executive directors should also attend general meetings and develop a balanced understanding of the views of shareholders". Code provision E.1.2 requires that "The chairman of the board should attend the annual general meeting. He should also invite the chairmen of the audit, remuneration, nomination and any other committees (as appropriate) to attend". The three independent non-executive Directors of the Company all attended the general meetings convened during the Reporting Period. The non-executive Directors WANG Hong, the Chairman of the Board, WANG Yuhang and WANG Zhixian (resigned on 7 August 2017), the Chairman of the Risk Management Committee of the Board, failed to attend the 2016 annual general meeting, the first 2017 A shareholders' class meeting and the first 2017 H shareholders' class meeting due to other important affairs.

9.1 The Board and Board Committees

During the Reporting Period, the Board, comprising 8 Directors, held 5 meetings, of which 1 meeting was held on-site, 4 meetings were held in a way of written review resolutions with 36 resolutions reviewed.

Save for the regular meetings, in the course of the management and supervision of the Group's business operations, the Company's executive Directors have brought major business or management matters to the attention of the Board to hold an interim Board meeting from time to time, and relevant Board decisions were made in the form of written resolutions by all Directors.

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

On 7 August 2017, Mr. WANG Zhixian, a non-executive Director of the Company, resigned from the position of non-executive Director and all the positions in the Risk Management Committee and the Remuneration and Appraisal Committee of the Board due to the change in job assignments. The Board has nominated Mr. HU Xianfu as a non-executive Director of the eighth session of the Board. Such nomination has been submitted to the first extraordinary general meeting in 2017 of the Company to be convened on 26 September 2017 for consideration and approval.

9.2 Board Committees

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

9.3 The Supervisory Committee

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

On 7 August 2017, Mr. LV Shengzhou, a Supervisor representing shareholder of the Company, resigned from the position of the Supervisor due to the change in work arrangement. The resignation of Mr. LV Shengzhou will be effective from the date of approving the nomination of a new Supervisor by the shareholders at the general meeting of the Company. The Supervisory Committee has nominated Mr. WANG Hongyuan as a Supervisor representing shareholder. Such nomination has been submitted to the first extraordinary general meeting in 2017 of the Company to be convened on 26 September 2017 for consideration and approval.

9.4 Shareholdings' General Meeting

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

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

10 AUDIT COMMITTEE

The Board has appointed three independent non-executive Directors and established the Audit Committee pursuant to the requirements of the Hong Kong Listing Rules. The members of the audit committee consisted of Mr. PAN Chengwei (Chairman of the Audit Committee with professional qualifications and experience in relation to financial management such as accounting), Mr. PAN Zhengqi and Mr. WONG Kwai Huen, Albert.

On 27 August 2017, the Audit Committee has discussed with the management and reviewed the 2017 unaudited interim financial report of the Group for the six months ended 30 June 2017, and agreed to present the same to the Board.

11 2017 INTERIM FINANCIAL REPORT

11.1 Auditing Opinion

√ Unaudited ☐ Audited

11.2 Explanation for Changes in Accounting Policy, Accounting Estimates and Calculation Method as Compared with those for the Financial Report of the Previous Year

√ Applicable ☐ Not applicable

(1) MOF issued the Notice on the Publication of the amended CASBE No. 16 – Government Grants (Cai Kuai (2017) No.15) on 10 May 2017, pursuant to which, CASBE No. 16 – Government Grants was amended and the amendment has became effective on 12 June

2017. The Group has adopted the above standard to prepare the financial statements for period from 1 January 2017 to 30 June 2017. The impact on the financial statements of the Group is set out below:

Changes in accounting policy and reasons thereof	**Items affected**	**Affected amount (RMB thousand) January – June 2017**
Government grants relating to the ordinary activities of the Group shall be included in other income based on the nature of economic business. Government grants not relating to the ordinary activities of the Group shall be included in non-operating income and expense. The prospective application method shall be used for the accounting treatment of the government grants existed on 1 January 2017 of the Group. Adjustment shall be made for the government grants arose from 1 January 2017 to the effective date of such standard. The comparative financial statements for January – June 2016 were not restated.	Other income	**91,032**
	Non-operating income	**(91,032)**

(2) MOF issued the Notice on the Publication of the CASBE No. 42 – Non-current Assets Held for Sale, Disposal Group and Discontinued Operation (Cai Kuai (2017) No. 13) on 28 April 2017, pursuant to which, the CASBE No. 42 – Non-current Assets Held for Sale, Disposal Group and Discontinued Operation shall be implemented from 28 May 2017. The change in such accounting policy did not have a significant impact on the financial statements for period from 1 January 2017 to 30 June 2017 of the Group.

11.3 Contents, Amount Corrected, Reason and Impact of Material Accounting Errors during the Reporting Period

☐ Applicable √ Not applicable

11.4 Explanation for Change in Consolidated Scope Compared with the Financial Report of the Previous Year

(1) There was no major business combination involving enterprises not under common control in the Group for the Reporting Period.

(2) There was no loss of control of subsidiaries by disposal of equity interests in the Group for the Reporting Period.

11.5 Statements of the Board and the Supervisory Committee on the "Non-Standard Auditing Report" issued by the Accountant

☐ Applicable √ Not applicable

11.6 Financial Statements Prepared in Accordance with CASBE

11.6.1 Consolidated Balance Sheet (unaudited)

Unit: RMB thousand

Item	*Note*	**30 June 2017**	31 December 2016
Assets			
Current assets:			
Cash at bank and on hand		**5,737,102**	6,325,998
Financial assets at fair value through profit or loss		**187,117**	141,160
Notes receivable		**1,096,250**	1,536,191
Accounts receivable	*3*	**16,371,018**	11,526,075
Advances to suppliers		**2,393,030**	2,165,982
Interest receivable		**8,580**	9,250
Dividends receivable		**42,055**	41,959
Other receivables		**8,243,976**	9,347,887
Inventories		**18,336,871**	17,409,515
Assets classified as held for sale		**203,847**	203,847
Current portion of non-current assets		**4,118,028**	3,941,689
Other current assets		**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		**249,034**	325,187
Available-for-sale financial assets		**461,762**	442,726
Long-term receivables		**13,499,327**	13,220,242
Long-term equity investments		**2,249,428**	2,162,217
Investment properties		**1,722,065**	1,752,608
Fixed assets		**21,674,735**	22,037,261
Construction in progress		**23,804,653**	22,769,189
Disposal of fixed assets		**120,420**	130,050
Intangible assets		**4,484,650**	4,654,757
Development costs		**56,588**	49,990
Goodwill		**2,140,393**	2,127,893
Long-term prepaid expenses		**281,156**	246,574
Deferred tax assets		**1,276,916**	1,257,670
Other non-current assets		**20,677**	86,353
Total non-current assets		**72,041,804**	71,262,717
Total assets		**129,498,854**	124,614,748

11.6.1 Consolidated Balance Sheet (unaudited)(Continued)

Unit: RMB thousand

Item	*Note*	**30 June 2017**	31 December 2016
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings		**17,945,748**	15,729,787
Financial liabilities at fair value through profit or loss		**134,772**	141,806
Notes payable		**1,253,175**	1,551,582
Accounts payable	*4*	**11,345,178**	10,160,951
Advances from customers		**4,545,835**	3,780,694
Employee benefits payable		**2,120,417**	2,115,108
Taxes payable		**975,399**	1,092,030
Interest payable		**533,428**	303,375
Dividends payable		**253,412**	16,746
Other payables		**6,127,379**	5,154,073
Provisions		**772,163**	847,429
Current portion of non-current liabilities		**5,015,501**	3,667,872
Other current liabilities		**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		**57,718**	61,235
Long-term borrowings		**23,665,089**	27,023,222
Debentures payable		**7,986,500**	7,986,500
Long-term payables		**504,909**	529,372
Payables for specific projects		**16,720**	9,704
Deferred income		**836,650**	839,738
Deferred tax liabilities		**687,884**	657,414
Other non-current liabilities		**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		**2,980,353**	2,978,577
Other equity instruments		**1,981,143**	2,049,035
Capital surplus		**3,075,965**	3,126,585
Other comprehensive income		**429,765**	357,341
Surplus reserve		**3,279,379**	3,279,379
Undistributed profits	*5*	**18,076,208**	17,495,053
Total equity attributable to shareholders of the parent 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

11.6.2 Balance Sheet of the Company (unaudited)

Unit: RMB thousand

Item	**30 June 2017**	31 December 2016
Assets		
Current assets:		
Cash at bank and on hand	**2,300,326**	2,660,222
Dividends receivable	**4,704,365**	4,755,818
Other receivables	**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	**388,905**	388,905
Long-term equity investments	**9,490,535**	9,375,276
Fixed assets	**101,398**	102,372
Construction in progress	**16,931**	844
Intangible assets	**14,336**	14,466
Disposal of fixed assets	**207**	–
Long-term prepaid expenses	**35,115**	40,730
Deferred tax assets	**49,636**	52,280
Total non-current assets	**10,097,063**	9,974,873
Total assets	**30,078,013**	30,531,601

11.6.2 Balance Sheet of the Company(unaudited) (Continued)

Unit: RMB thousand

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

11.6.3 Consolidated Income Statement (unaudited)

Unit: RMB thousand

Item		Note	January – June 2017	January – June 2016
I.	**Revenue**	6	**33,387,152**	23,542,843
	Less: Cost of sales	6	**27,241,564**	19,126,496
	Taxes and surcharges		**216,183**	194,236
	Sales expenses		**1,256,253**	1,036,129
	Management expenses		**2,368,039**	1,982,301
	Financial expenses-net		**594,251**	304,944
	Assets impairment losses	7	**234,437**	1,267,501
	Add: Profit/(losses) from changes in fair value		**(32,626)**	137,104
	Investment income		**(10,628)**	(87,328)
	Including: Share of investment income of associates and joint ventures		**2,538**	13,800
	Other investments		**91,032**	–
II.	**Operating profit**		**1,524,203**	(318,988)
	Add: Non-operating income	8	**84,343**	167,289
	Including: Gains on disposal of non-current assets		**31,127**	6,153
	Less: Non-operating expenses		**32,404**	14,145
	Including: Losses on disposal of non-current assets		**17,388**	9,485
III.	**Total profit**		**1,576,142**	(165,844)
	Less: Income tax expenses	9	**509,633**	375,316
IV.	**Net profit**		**1,066,509**	(541,160)
	Net profit attributable to shareholders and other equity holders of the parent company		**796,898**	(378,034)
	Minority profit or loss	10	**269,611**	(163,126)

11.6.3 Consolidated Income Statement (unaudited) (Continued)

Item	*Note*	**January – June 2017**	January – June 2016
V. Net amount of other comprehensive income/(loss), net of tax		**99,022**	328,231
Net amount of other comprehensive income attributable to shareholders of the parent company, net of tax		**72,424**	274,766
Other comprehensive income to be reclassified to profit or loss subsequently		**72,424**	274,766
Changes in fair value of available-for-sale financial assets		**(241)**	949
Gain of cash flow hedges		**6,072**	(490)
Currency translation differences		**66,593**	274,307
Minority interests		**26,598**	53,465
VI. Total comprehensive income		**1,165,531**	(212,929)
Attributable to shareholders and other equity holders of the parent company		**869,322**	(103,268)
Minority interests		**296,209**	(109,661)
VII. Earnings per share			
(I) Basic earnings per share (RMB)	*11*	**0.2554**	(0.1444)
(II) Diluted earnings per share (RMB)	*11*	**0.2544**	(0.1444)

11.6.4 Income Statement of the Company (unaudited)

Unit: RMB thousand

Item	**January – June 2017**	January – June 2016
I. Revenue	**96,917**	69,104
Less: Operating costs	**1,452**	24,006
Taxes and surcharges	**–**	3,373
Management expenses	**129,167**	109,800
Financial expenses – net	**296,143**	(99,572)
Add: Profit from changes in fair value	**1,623**	1,985
Investment income	**359,040**	118,963
Other income	**2,211**	–
II. Operating profit	**33,029**	152,445
Add: Non-operating income	**21**	1,137
Including: Profit on disposal of non-current assets	**–**	116
Less: Non-operating expenses	**1,746**	249
Including: Losses on disposal of non-current assets	**586**	1
III. Total profit	**31,304**	153,333
Less: Income tax expenses	**2,644**	27,968
IV. Net profit	**28,660**	125,365
V. Total comprehensive income	**28,660**	125,365

11.6.5 Consolidated Cash Flow Statement (unaudited)

Unit: RMB thousand

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

11.6.5 Consolidated Cash Flow Statement (unaudited) (Continued)

Unit: RMB thousand

Item	**January – June 2017**	January – June 2016
III. Cash flows from financing activities:		
Cash received from capital contributions	**33,776**	1,542,157
Including: Cash received from capital contributions by minority shareholders of subsidiaries	**25,618**	1,518,444
Cash received from borrowings	**28,533,395**	79,171,819
Cash received relating to other financing activities	**4,506**	2,428
Sub-total of cash inflows from financing activities	**28,571,677**	80,716,404
Cash repayments of borrowings	**25,735,139**	73,846,942
Cash payments for interest expenses or distribution of dividends or profits	**879,262**	1,178,176
Including: Cash payments for dividends or profits to minority shareholders of subsidiaries	**87,485**	47,147
Cash paid relating to other financing activities	**81,616**	120,376
Sub-total of cash outflows from financing activities	**26,696,017**	75,145,494
Net cash flows from financing activities	**1,875,660**	5,570,910
IV. Effect of exchange rate changes on cash and cash equivalents	**(97,959)**	(76,929)
V. Net increase/(decrease) in cash and cash equivalents	**(398,244)**	1,051,436
Add: Balance of cash and cash equivalents at beginning of the year	**6,338,667**	3,259,123
VI. Closing balance of cash and cash equivalents	**5,940,423**	4,310,559

11.6.6 Cash Flow Statement of the Company (unaudited)

Unit: RMB thousand

Item	**January – June 2017**	January – June 2016
I. Cash flows from operating activities:		
Cash received from sales of goods or rendering of services	**92,944**	74,196
Cash received relating to other operating activities	**2,750,305**	3,026,963
Sub-total of cash inflows from operating activities	**2,843,249**	3,101,159
Cash paid for goods and services	**–**	38,246
Cash paid to and on behalf of employees	**53,410**	153,809
Payments of taxes and surcharges	**13,625**	27,955
Cash paid relating to other operating activities	**4,157,049**	3,246,351
Sub-total of cash outflows from operating activities	**4,224,084**	3,466,361
Net cash flows from operating activities	**(1,380,835)**	(365,202)
II. Cash flows from investing activities:		
Cash received from disposal of investments	**6,800,000**	–
Cash received from returns on investments	**275,133**	8,000
Net cash received from disposal of fixed assets	**–**	2,261
Sub-total of cash inflows from investing activities	**7,075,133**	10,261
Cash paid to acquire fixed assets, intangible assets and other long-term assets	**24,944**	6,962
Cash paid to acquire investments	**6,886,616**	–
Sub-total of cash outflows from investing activities	**6,911,560**	6,962
Net cash flows from investing activities	**163,573**	3,299

11.6.6 Cash Flow Statement of the Company (unaudited) (Continued)

Unit: RMB thousand

Item	**January – June 2017**	January – June 2016
III. Cash flows from financing activities:		
Cash received from borrowings	**4,070,000**	4,426,000
Cash received from capital contributions	**8,158**	23,712
Sub-total of cash inflows from financing activities	**4,078,158**	4,449,712
Cash repayments of borrowings	**3,720,000**	4,061,000
Cash payments for interest expenses or distribution of dividends or profits	**152,617**	349,716
Sub-total of cash outflows from financing activities	**3,872,617**	4,410,716
Net cash flows from financing activities	**205,541**	38,996
IV. Effect of exchange rate changes on cash and cash equivalents	**(3,909)**	182
V. Net (decrease) in cash and cash equivalents	**(1,015,630)**	(322,725)
Add: Opening balance of cash and cash equivalents at the beginning of the year	**1,715,470**	652,865
VI. Closing balance of cash and cash equivalents	**699,840**	330,140

11.6.7 Consolidated Statement of Changes in Shareholders' Equity (unaudited)

Unit: RMB thousand

Item	From January to June 2017								2016							
	Equity attributable to shareholders and other equity holders of the parent company								Equity attributable to shareholders and other equity holders of the parent company							
	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance as 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	(514,477)	3,203,578	17,805,808	7,033,280	35,720,915
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance as at 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	(514,477)	3,203,578	17,805,808	7,033,280	35,720,915
III. Movements for the period																
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Net profit	-	35,908	-	-	-	760,990	269,611	1,066,509	-	119,792	-	-	-	419,868	195,323	734,983
2. Other comprehensive income	-	-	-	72,424	-	-	26,598	99,022	-	-	-	871,818	-	-	95,528	967,346
Sub-total of 1&2	-	35,908	-	72,424	-	760,990	296,209	1,165,531	-	119,792	-	871,818	-	419,868	290,851	1,702,329
(II) Capital contribution and withdrawal by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Contributions by owners	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Increase in capital resulting from the exercise of share options by the Company	1,776	-	17,207	-	-	-	-	18,983	757	-	7,574	-	-	-	-	8,331
3. Contributions by minority shareholders	-	-	3,428	-	-	-	55,259	58,687	-	-	227,441	-	-	-	3,330,875	3,558,316
4. Increase in minority interests resulting from acquisition or establishment of subsidiary	-	-	-	-	-	-	42,794	42,794	-	-	-	-	-	-	29,565	29,565
5. Decrease in capital surplus resulting from acquisition of minority interests	-	-	(78,103)	-	-	-	(3,513)	(81,616)	-	-	(22,239)	-	-	-	(726,250)	(748,489)
6. Disposal of subsidiaries (without loss of control)	-	-	-	-	-	-	-	-	-	-	903	-	-	-	8,097	9,000
7. Disposal of subsidiaries (with loss of control)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,762)	(7,762)
8. Increase in capital resulting from the exercise of share options by subsidiaries	-	-	70	-	-	-	4,436	4,506	-	-	1,692	-	-	-	2,063	3,755
9. Increase in shareholders' equity resulting from share-based payments			6,778				2,805	9,583			22,316	-	-	-	10,068	32,384
10. Issue of other equity instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11. Repurchase rights recognised to be granted to minority shareholders	-	-	-	-	-	-	-	-	-	-	(300,000)	-	-	-	-	(300,000)
12. Others	-	-	-	-	-	-	-	-	-	-	7,035	-	-	-	-	7,035
(III) Profit distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Appropriation to surplus reserve	-	-	-	-	-	-	-	-	-	-	-	-	75,801	(75,801)		-
2. Profit distribution to shareholders	-	-	-	-	-	(179,835)	(197,742)	(377,577)	-	-	-	-		(654,822)	(121,965)	(776,787)
3. Interest paid on other equity instruments	-	(103,800)	-	-	-	-	-	(103,800)	-	(103,800)	-	-	-	-	-	(103,800)
IV. Balance as 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	357,341	3,279,379	17,495,053	9,848,822	39,134,792

11.6.8 *Statement of Changes in Shareholders' Equity of the Company (unaudited)*

Unit: RMB thousand

Item	From January to June 2017 Share capital	Other equity instruments	Capital surplus	Surplus reserve	Other comprehensive income	Undistributed profits	Total shareholders' equity	2016 Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance as at 31 December 2016	2,978,577	2,049,035	3,287,149	3,279,379	43,754	2,380,348	14,018,242	2,977,820	2,033,043	3,279,575	43,754	3,203,578	1,403,140	12,940,910
II. Movements for the period	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(I) Total comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Net profit	–	35,908	–	–	–	(7,247)	28,661	–	119,792	–	–	–	1,707,831	1,827,623
2. Other comprehensive income	–	–	–	–	–	–	–	–	–	–	–	–		
Sub-total of 1&2	–	35,908	–	–	–	(7,247)	28,661	–	119,792	–	–	–	1,707,831	1,827,623
(II) Capital contribution and withdrawal by owners	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Contributions by owners	–	–	–	–	–	–	–	–	–	–	–	–	–	–
2. Increase in shareholders' equity resulting from share-based payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–
3. Increase in capital resulting from the exercise of share options by the Company	1,776	–	17,207	–	–	–	18,983	757	–	7,574	–	–	–	8,331
4. Issue of other equity instruments	–	–	–	–	–	–	–	–	–	–	–	–	–	–
(III) Profit distribution	–	–	–	–	–	–	–	–	–	–	–	–	–	–
1. Appropriation to surplus reserve	–	–	–	–	–	–	–	–	–	–	–	75,801	(75,801)	–
2. Profit distribution to shareholders	–	–	–	–	–	(179,837)	(179,837)	–	–	–	–	–	(654,822)	(654,822)
3. Interest paid on other equity instruments	–	(103,800)	–	–	–	–	(103,800)	–	(103,800)	–	–	–	–	(103,800)
III. Balance as at 30 June 2017	2,980,353	1,981,143	3,304,356	3,279,379	43,754	2,193,264	13,782,249	2,978,577	2,049,035	3,287,149	43,754	3,279,379	2,380,348	14,018,242

NOTES:

1. PREPARATION BASIS

The financial statements were prepared in accordance with the Basic Standard of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC on 15 February 2006, and the specific accounting standards and the relevant regulations issued thereafter and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

Since the new Hong Kong Companies Ordinance took effect in 2015, certain disclosures in these financial statements have been adjusted in accordance with the requirements of Hong Kong Companies Ordinance.

2. STATEMENT REGARDING COMPLIANCE WITH CASBE

The Company's financial statements for the period from 1 January 2017 to 30 June 2017 are prepared in accordance with the requirements of CASBE, and truly and completely present the consolidated and corporate financial position of the Company as at 30 June 2017 and other related information including the consolidated and corporate operating results and cash flows during January to June 2017.

3. ACCOUNTS RECEIVABLE

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

Unit: RMB thousand

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

(2) The ageing analysis of accounts receivable is as follows:

Unit: RMB thousand

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

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

(3) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank and on hand, receivables and derivative financial instruments entered into for hedging purposes and etc. Exposure to these credit risks are monitored by the management on an ongoing basis.

The cash at bank of the Group is mainly held with well-known financial institutions. The management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

In respect of receivables, the risk management committee of the Group has established a credit policy under which individual credit evaluations are performed on all customers to determine the credit limit and terms applicable to the customers. These evaluations focus on the financial position and the external ratings of the customers and their bank credit records where available and previous payment records. Receivables are due within from 30 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers, but has a stringent policy on the transfer of product ownership and earnest or prepayment money is requested sometimes due to the customer's situation.

The management of the Group had made the plan for financial leasing receivable risk management, based on the research on its own industries, the credit rating of counterparties and the knowledge of the counterparties' businesses and financial standings. If the default of contract occurs, the management of the Group may ask for returning, withdrawing or selling leased property, depending on the applicableness in individual cases. If the delay of repayment occurs, the management of the Group keeps the right to collect the default interest based on the amount of overdue repayment and default interest rate, until the overdue payment will have been paid. In addition, the management may ask for the deposit which can be paid for the money owed by the lessee, depending on individual cases. When the Group assesses the credit risk, its strategy is to manage, restrict and control the over-concentration of the credit risk, especially, regularly assessing lessee's ability to make the repayment.

In accordance with the indicators from the Group based on the assets of associates and joint ventures, and the profit forecast of development projects, the Group provides fund to associates and joint ventures and continues to monitor the projects' progress and their operation to ensure the recoverability of the fund.

The receivable of the Group which are neither past due nor impaired are mainly due to a number of customers for whom there was no recent history of default.

The Group's exposure to credit risk is mainly influenced by the individual characteristics and industries of each customer rather than country or area in which the customers operate. Due to the significant concentrations of the global shipping industry and its related industries, the significant concentrations of credit risk arise primarily when the Group has exposure to significant receivables from individual customers. At the balance sheet date, the Group had a certain concentration of credit risk, as 29.12% (2016: 30.89%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

Investments are normally made only to liquid securities quoted on a recognised stock exchange (except for investments for long-term strategic purposes). Besides, the credit rating of counterparty should be the same or above the Group. For transactions involving derivative financial instruments, counterparties should have sound credit ratings and with whom the Group has a signed netting ISDA agreement (International Swap Derivative Association). Given their high credit ratings, management does not expect any investment counterparty to fail to meet its obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, as in the balance sheet.

4. ACCOUNTS PAYABLE

Accounts payable is as follows:

Unit: RMB thousand

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

The ageing of accounts payable is analysed as follows:

Unit: RMB thousand

Item	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

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

5. UNDISTRIBUTED PROFITS

Unit: RMB thousand

Item	*Note*	January-June 2017	2016
Undistributed profits at the beginning of the year		**17,495,053**	17,805,808
Add: Net profit attributable to shareholders and other equity holders of the parent company for the current period		**796,898**	539,660
Less: Effect of issue of perpetual bonds by the Company		**(35,908)**	(119,792)
Less: Appropriation to surplus reserve		**–**	(75,801)
Less: Ordinary share dividend payable	*(1)*	**(179,835)**	(654,822)
Undistributed profits at the end of the period		**18,076,208**	17,495,053

(1) Dividends of ordinary shares declared during the period

Unit: RMB thousand

	30 June 2017	31 December 2016
Dividends proposed but not declared at the end of the period	**–**	–
Total proposed dividends during the period	**179,835**	654,822

In accordance with the approval at the shareholders' general meeting held on 9 June 2017, the Company paid cash dividends for 2016 in the amount of RMB0.06 per share (2016: paid cash dividends for 2015 in the amount of RMB0.22 per share) to the ordinary shareholders on 20 July 2017, totalling RMB179,835,000 (2016: paid cash dividends for 2015 totalling RMB654,822,000).

6. REVENUE AND COST OF SALES

Unit: RMB thousand

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

Among the construction contracts of the Group, there was no individual contract whose revenue recognised during the period amounted to more than 10% of the total revenue.

7. ASSET IMPAIRMENT LOSSES

Unit: RMB thousand

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

8. NON-OPERATING INCOME

Non-operating income by categories:

Unit: RMB thousand

	January-June 2017	January-June 2016	Amount recognised in non-recurring profit or loss in January-June 2017
Gains on disposal of non-current assets	**31,127**	6,153	31,127
Including: Gains on disposal of fixed assets	**24,192**	3,598	24,192
Gains on disposal of intangible assets	**6,935**	2,555	6,935
Compensation income	**5,868**	203	5,868
Penalty income	**7,348**	1,786	7,348
Government grants	**–**	135,375	–
Others	**40,000**	23,772	40,000
Total	**84,343**	167,289	84,343

9. INCOME TAX EXPENSES

Unit: RMB thousand

Item	**January-June 2017**	January-June 2016
Current income tax calculated based on tax law and related regulations	**499,609**	262,989
Movements in deferred income tax	**10,024**	112,327
Total	**509,633**	375,316

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

Unit: RMB thousand

Item	**January-June 2017**	January-June 2016
Profit before income tax	**1,576,142**	(165,844)
Income tax calculated at applicable tax rates	**395,233**	338,676
Effect of tax incentive	**(63,499)**	(46,248)
Expenses not deductible for tax purposes	**20,714**	32,243
Income not subject to tax	**(90,621)**	(74,525)
Tax effect of utilisation of previously unrecognised tax losses on deferred tax assets for the period	**(5,941)**	(7,695)
Unrecognised tax losses	**112,902**	38,339
Tax effect of utilisation of deductible temporary differences of previously unrecognised deferred tax assets	**142,126**	95,650
Effect of tax rate change on deferred tax	**(735)**	–
Tax refund for income tax annual filing	**(546)**	(1,124)
Income tax expenses	**509,633**	375,316

10. MINORITY PROFIT OR LOSS

During the Reporting Period, the Group's minority profit recorded RMB269.611 million (same period in 2016: recording a loss of RMB163.126 million), which was mainly due to the increase in profits of subsidiaries with minority shareholders during the Reporting Period.

11. 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 of the Company:

Unit: RMB thousand

	January-June 2017	January-June 2016
Consolidated net profit attributable to ordinary shareholders of the Company and other equity holders	**796,898**	(378,034)
Effect of issue of perpetual bonds by the Company	**(35,908)**	(51,900)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)	**760,990**	(429,934)
Weighted average number of ordinary shares outstanding of the Company ('000)	**2,979,059**	2,978,120
Basic earnings per share (RMB per share)	**0.2554**	(0.1444)
Including: continuously operating basic earnings per share	**0.2554**	(0.1444)

(2) Diluted earnings per share

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

Unit: RMB thousand

	January-June 2017	January-June 2016
Consolidated net profit attributable to ordinary shareholders of the Company and other equity holders	**796,898**	(378,034)
Effect of issue of perpetual bonds by the Company	**(35,908)**	(51,900)
Effect of our subsidiaries' share-based payment plan	**(1,371)**	–
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)	**759,619**	(429,934)
Weighted average number of ordinary shares outstanding of the Company (diluted)('000) (adjusted)	**2,986,410**	2,978,120
Diluted earnings per share (RMB per share)	**0.2544**	(0.1444)

Calculation of weighted average number of ordinary shares (diluted):

	January-June 2017	January-June 2016
Weighted average number of ordinary shares outstanding of the Company ('000)	**2,979,059**	2,978,120
Effect of share options of the Company ('000)	**7,351**	–
Weighted average number of ordinary shares outstanding of the Company (diluted) ('000)	**2,986,410**	2,978,120

The Board of the Company was authorised to grant 60,000,000 share options (2.01% of the 2,980,352,786 shares issued by the Company at the end of the current period) to the senior management and other staff of the Company.

12. DIVIDENDS

The Directors did not propose to declare the interim dividend for the six months ended 30 June 2017 (the same period of 2016: Nil).

13. SEGMENT REPORTING

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, nine reportable segments are identified by the Group including: containers, road transportation vehicles, energy and chemistry & food equipment, offshore business, airport facilities equipment, logistic services, finance, property development and heavy trucks. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

In order to assess the segment performance and resources allocation, the Group's management reviews assets, liabilities, revenue, expenses and operating results of each segment regularly. The preparation basis of such information is detailed as follows:

Segment assets include current assets of each segment, such as tangible assets, intangible assets, other long-term assets and receivables, but exclude deferred income tax assets and other unallocated headquarters assets. Segment liabilities include payables, bank borrowings, provisions, special payables and other liabilities of each segment, while deferred income tax liabilities are excluded.

Segment operating results represents segment revenue (including external revenue and inter-segment revenue), offsetting segment expenses, depreciation and amortisation and impairment losses attributable to assets of each segment, net interest expenditure generated from bank deposits and bank borrowings attributable to each segment. Transactions conducted among segments are under similar non-related party transaction commercial terms.

Segment information as at and for the six months ended 30 June 2017 is as follows:

Unit: RMB thousand

Item	Containers	Road transportation vehicles	Energy, chemistry and food equipment	Offshore engineering	Airport facilities	Logistics services and equipment	Finance	Property development	Heavy trucks	Others	Elimination between segments	Total
	January-June 2017	January-June 2017	January-June 2017	January-June 2017	January-June 2017	January-June 2017	January-June 2017	January-June 2017	January-June 2017	January-June 2017	January-June 2017	January-June 2017
External revenue	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 revenue	161,574	93,453	78,581	677,366	–	14,080	–	29,205	32,925	624,543	(1,711,727)	-
Cost of sales from principal operations	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
Investment income/(losses) in associates and joint ventures	(739)	1,185	(1,225)	–	–	(2,787)	2,592	–	6,149	(2,637)	-	2,538
Assets impairment losses	13,753	37,921	117,644	(290)	545	1,821	62,000	(141)	(43)	1,652	(425)	234,437
Depreciation and amortisation expenses	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 expenses	38,065	52,448	56,079	249,726	6,036	15,047	65,219	5,628	38,641	690,237	(694,861)	522,265
Total profit/(losses)	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 tax expenses	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/(losses)	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
Total 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
Total 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
Other material non-cash items:												
– Other non-cash expenses/(income) other than 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 equity investments of associates and joint ventures	29,470	122,966	9,162	33,289	533,598	493,166	402,522	104,191	202,304	318,762	-	2,249,430
– Other additions to non-current assets other than long-term equity investment	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

Segment information as at and for the six months ended 30 June 2016 is as follows:

Unit: RMB thousand

Item	Containers January-June 2016	Road transportation vehicles January-June 2016	Energy, chemistry and food equipment January-June 2016	Offshore engineering January-June 2016	Airport facilities January-June 2016	Logistics services and equipment January-June 2016	Finance January-June 2016	Property development January-June 2016	Heavy trucks January-June 2016	Others January-June 2016	Elimination between segments January-June 2016	Unallocated items January-June 2016	Total January-June 2016
External revenue	4,604,375	6,957,207	4,180,802	1,108,446	1,128,444	3,183,410	1,114,356	315,698	795,514	154,591	–	–	23,542,843
Inter-segment revenue	294,243	56,147	157,307	2,595,243	–	35,207	–	–	64,845	142,732	(3,345,724)	–	–
Cost of sales from principal operations	4,059,329	5,628,816	3,529,358	3,316,300	886,690	2,798,683	366,336	100,269	833,364	196,168	(2,919,444)	–	18,795,869
Investment income/(losses) in associates and joint ventures	(1,008)	876	–	–	–	10,816	1,638	729	285	464	–	–	13,800
Assets impairment losses	2,777	5,957	1,243,256	(74)	(5,611)	3,003	18,193	–	–	–	–	–	1,267,501
Depreciation and amortisation expenses	209,275	254,554	149,758	308,335	39,122	78,255	85,057	4,913	65,959	13,706	–	33,747	1,242,681
Interest income	101,117	35,774	27,336	51,829	1,476	6,149	104,947	7,358	1,722	563,003	(825,427)	22,010	97,294
Interest expenses	23,844	47,735	58,941	123,596	10,075	18,951	71,008	10,655	48,240	16,749	(652,781)	538,069	315,082
Total profit/(losses)	(111,321)	481,392	(946,223)	(3,315)	19,751	108,555	490,441	60,771	(96,906)	(14,346)	(56,312)	(98,331)	(165,844)
Income tax expenses	28,311	119,499	75,354	673	9,046	40,121	36,733	17,996	(383)	677	–	47,289	375,316
Net profit/(losses)	(139,632)	361,893	(1,021,577)	(3,988)	10,705	68,434	453,708	42,775	(96,523)	(15,023)	(56,312)	(145,620)	(541,160)
Total assets	17,397,726	14,247,786	14,321,362	32,436,954	3,601,739	3,782,472	26,209,657	3,978,965	3,854,489	6,346,909	(16,845,957)	5,467,815	114,799,917
Total liabilities	9,770,436	7,739,888	9,853,675	32,138,731	2,285,789	2,786,536	22,213,077	2,805,512	3,768,664	3,010,122	(53,106,584)	37,180,383	80,446,229
Other material non-cash items:													
– Other non-cash expenses/(income) other than depreciation and amortisation	(14,050)	7,947	1,225,737	2,716	1,699	2,313	30,740	–	(318)	39,767	–	(187,384)	1,109,167
– Long-term equity investments of associates and joint ventures	54,358	78,521	4,678	–	–	532,944	192,774	100,217	194,566	842,949	–	–	2,001,007
– Other additions to non-current assets other than long-term equity investment	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

14. RESTRICTED ASSETS OF THE GROUP AS AT 30 JUNE 2017

Unit: RMB thousand

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

Long term receivables are used as collateral for mortgage loan. Notes receivables are used for rediscounting, pledge for letter of guarantee and pledge for pool of notes. Restricted fixed assets are used as collateral for long term payables. The restricted cash at bank and on hand were security deposits, and deposits in the People's Bank of China by Finance Company.

15. CONTINGENCIES

(1) Contingent liabilities

CIMC Raffles, a subsidiary of the Group, entered into drilling platform construction contracts with relevant purchasers, which involve terms of compensation for delivery postponement. For certain contracts, the management expected the risk of delivery postponement which will incur the compensation is high, therefore the management decided to accrue a provision of estimated liabilities amounted to USD3,650,000 (equivalent to RMB24,729,000) (31 December 2016: USD3,650,000 (equivalent to RMB25,320,000)) in accordance with both the daily compensation amount written in the contracts and the expected postponed days with highest chance. In addition, the drilling platform construction contracts entered by CIMC Raffles and purchasers involve terms of quality guarantees, as at 30 June 2017, the Group has accrued a quality guarantee balance on delivered projects amounting to USD3,694,000 (equivalent to RMB25,027,000) (31 December 2016: USD5,964,000 (equivalent to RMB38,150,000)).

Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd, a subsidiary of the Group, provided guarantee to the mortgage loans by which some of its clients bought its mixer trucks, but some of the loans repayments have been overdue severely, the management expected there is possibility for YZTH to repay the loans for the clients, therefore they decided to accrue a provision amounting to RMB9,272,000 (31 December 2016: RMB19,778,000).

(2) Guarantees provided for external parties

CIMC Raffles, a subsidiary of the Group, provided guarantees to its customers by way of vessel leasing. As at 30 June 2017, amounts of the guarantees were approximately RMB334,250,000 (31 December 2016: RMB382,000,000).

CIMC Vehicle (Group), a subsidiary of the Group, and its holding subsidiaries entered into vehicle mortgage financial facilities with Huishang Bank, China Merchants Bank, Bank of Communications, China Guangfa Bank, Industrial Bank, Industrial and Commercial Bank of China, Zhongyuan Bank and external financial companies, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of CIMC Vehicle Group and its holding subsidiaries arising from purchase of vehicle products. As at 30 June 2017, the aggregate amount of credit facilities in respect of which CIMC Vehicle Group and its holding subsidiaries provided guarantees to the distributors and customers was approximately RMB786,333,000 (31 December 2016: RMB1,031,416,000).

Each of Shenyang Car Park (沈陽車輛園) and Shaanxi Car Park (陝西車輛園), the subsidiaries of the Group, cooperated with China Construction Bank and Shaanxi Xianyang Qindu Rural Commercial Bank on mortgage financial facilities and entered into housing loan guarantee agreements respectively, pursuant to which periodic guarantees were provided for the loans granted by the relevant banks to the customers of these two companies with the purchased properties. As at 30 June 2017, the aggregate amount of credit facilities in respect of which Shenyang Car Park and Shaanxi Car Park provided guarantees to the customers was approximately RMB8,295,000 (31 December 2016: Nil).

Yangzhou CIMC Dayu Real Estate Co., Ltd., Yangzhou CIMC Haoyu Real Estate Co., Ltd., Yangjiang CIMC Furi Real Estate Co.,Ltd. and Dongguan CIMC Innovation Industrial Park Development Co., Ltd. (東莞中集創新產業園發展有限公司), the subsidiaries of the Group, and external banks provided guarantees to purchasers of commodity homes by the way of secured loans. The amount of guarantees provided by the Group was RMB714,347,000 as at 30 June 2017 (31 December 2016: RMB733,443,000).

C&C Trucks, a subsidiary of the Group, and its holding subsidiaries signed contracts with external banks, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of them arising from purchase of vehicle products. As at 30 June 2017, the aggregate amount of credit facilities in respect of which C&C Trucks and its holding subsidiaries provided guarantees to the distributors and customers was approximately RMB314,477,000 (31 December 2016: RMB386,879,000).

(3) Notes payable issued but not accounted for, outstanding letters of credit issued and outstanding performance guarantees issued

The Group does not recognise notes payable or letters of credit issued as deposits. Corresponding inventories, advance to suppliers and notes payable are recognised at the earlier of the date of delivery of goods and the maturity date of the bills issued. As at 30 June 2017, the Group had notes payable issued but not accounted for and outstanding letters of credit of RMB330,227,000 and RMB88,443,000, respectively, totaling RMB418,670,000 (31 December 2016: RMB1,143,013,000).

As at 30 June 2017, balance of outstanding guarantees issued by the parent company of the Group for the subsidiaries of the Group was RMB915,000,000 and USD20,000,000 (equivalent to RMB135,501,000), totaling RMB1,050,501,000.

As at 30 June 2017, CMIC Raffles, a subsidiary of the Group, had outstanding balance of guarantees issued by relevant banks totalling USD53,753,000 (equivalent to RMB364,183,000), of which the balance of advance payment guarantees and quality guarantees were USD32,000,000 (equivalent to RMB216,802,000) and USD21,753,000 (equivalent to RMB147,381,000) respectively (total balance as at 31 December 2016: RMB905,730,000).

As at 30 June 2017, the Group's subsidiary CIMC Enric and its subsidiaries had outstanding balance of guarantees issued by relevant banks totalling RMB698,752,000, of which balance of performance guarantees was RMB342,096,000, and balance of advance payment guarantees was RMB356,656,000 (total balance as at 31 December 2016: RMB779,018,000).

As at 30 June 2017, Yangzhou Tonglee Reefer Container Co., Ltd., a subsidiary of the Group, had outstanding balance of guarantees issued by banks totalling RMB115,000 (equivalent to RMB799,000) (31 December 2016: RMB2,844,000).

As at 30 June 2017, Qingdao CIMC Reefer Container Manufacture Co., Ltd., a subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks amounting to RMB32,537,000 (31 December 2016: RMB10,478,000).

As at 30 June 2017, Shenzhen CIMC-Tianda Airport Support Co., Ltd., a subsidiary of the Group, had outstanding balance of guarantees issued by relevant banks amounting to RMB684,748,000 (31 December 2016: RMB682,818,000), of which balance of performance guarantees, quality guarantees, bid guarantees and payment guarantees was RMB375,133,000, RMB20,540,000, RMB32,669,000 and RMB256,406,000, respectively.

As at 30 June 2017, balance of outstanding guarantees issued by CIMC Finance Company, a subsidiary of the Group, for our subsidiaries were RMB39,916,000 (31 December 2016: RMB28,396,000), of which balance of performance guarantees, quality guarantees, margin guarantees, payment guarantees, prepayment guarantees and security guarantees was RMB23,493,000, RMB1,593,000, RMB5,600,000, RMB9,000,000, RMB80,000 and RMB150,000, respectively.

As at 30 June 2017, Zhenhua Logistics Group Co., Ltd., the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling RMB12,970,000 (31 December 2016: RMB42,125,000).

As at 30 June 2017, Qingdao Kooll Logistics Co., Ltd., the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling RMB83,000 (31 December 2016: Nil).

As at 30 June 2017, Luoyang CIMC Lingyu Automobile Co., Ltd., the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling RMB1,702,000 (31 December 2016: Nil).

As at 30 June 2017, Zhangzhou CIMC Container Co., Ltd., the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling RMB18,392,000 (31 December 2016: Nil).

As at 30 June 2017, Yantai Tiezhongbao Steel Processing Co., Ltd., the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling RMB255,000 and USD868,000, respectively (equivalent to RMB6,136,000 in total) (31 December 2016: Nil).

As at 30 June 2017, Qingdao CIMC Special Reefer Co., Ltd., the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling RMB3,200,000 (31 December 2016: Nil).

As at 30 June 2017, Qingdao CIMC Container Manufacture Co., Ltd., the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling RMB59,734,000 (31 December 2016: Nil).

As at 30 June 2017, Ziegler, the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totaling EUR1,295,000 (equivalent to RMB10,039,000) (31 December 2016: Nil).

As at 30 June 2017, Verbus, the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totaling GBP5,947,000 (equivalent to RMB52,395,000) (31 December 2016: Nil).

(4) Significant pending litigations

CIMC Raffles, a subsidiary of the Company entered into drilling platform construction contracts, and the platform had been delivered to the purchasers in 2015. The purchasers believed that the deliverables cannot fulfill the technical requirements written in the construction contract, hence they asked Raffles to pay them compensation amounted to USD2,000,000. As at the reporting date, the final result of the litigation has not been reached. The management team of Raffles expected there is high risk to pay the compensation, hence they decided to accrue a provision valued USD2,000,000 (equivalent to RMB13,550,000) as at 30 June 2017 (31 December 2016: RMB13,874,000).

16. COMMITMENTS

Significant commitments

(1) Capital commitments

Unit: RMB thousand

	30 June 2017	31 December 2016
Fixed assets purchase contracts entered into but not performed or performed partially	**147,173**	108,730
External investment contracts entered into but not performed or performed partially	**227,743**	129,423
Vessels manufactured for sales or lease	**119,598**	179,633
Total	**494,514**	417,786

(2) Operating lease commitments

The minimum lease payments due after 30 June by the Group under the irrevocable operating leases contracts regarding buildings, fixed assets etc. are summarised as follows:

Unit: RMB thousand

	30 June 2017	31 December 2016
Within 1 year (inclusive)	**62,558**	45,683
Over 1 year but within 2 years (inclusive)	**25,403**	26,155
Over 2 years but within 3 years (inclusive)	**10,835**	20,690
Over 3 years	**44,276**	49,420
Total	**143,072**	141,948

Operating lease recognised as profit or loss in January to June 2017 was RMB50,717,000 (January to June 2016: RMB44,177,000).

17. SUPPLEMENTARY INFORMATION

Return on Net Assets and Earnings Per Share

In accordance with Guidelines on the Compilation of Information Disclosure Documents by Companies that Offer Securities to the Public No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (as amended in 2010) issued by the CSRC and relevant requirements of accounting standards, the calculation of return on net assets and earnings per share of the Company is listed as follows:

Unit: RMB/share

	Weighted average return on net assets (%)		**Earnings per share**			
			Basic earnings per share		**Diluted earnings per share**	
	January to June 2017	January to June 2016	**January to June 2017**	January to June 2016	**January to June 2017**	January to June 2016
Net profit attributable to ordinary shareholders of the Company	**2.76%**	(1.64%)	**0.2554**	(0.1444)	**0.2544**	(0.1444)
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	**3.00%**	(2.11%)	**0.2783**	(0.1861)	**0.2772**	(0.1861)

18. EVENTS AFTER THE BALANCE SHEET DATE

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

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

(3) On 3 August 2017, Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司) ("**Southern CIMC**"), a wholly-owned subsidiary of the Company, and China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) ("**China Merchants Shekou**") entered into a relocation compensation agreement for the land in Prince Bay, Shekou, pursuant to which Southern CIMC agreed to relocate and return the leasehold land in Prince Bay, Shekou to China Merchants Shekou and China Merchants Shekou agreed to pay compensation based on the appraised value of RMB494,894,588. Such matter is subject to the consideration and approval at the general meeting of the Company. For relevant information, please refer to the announcements dated 3 August 2017 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] 2017-045 and [CIMC] 2017-052) and the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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

Hong Kong, 28 August 2017

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

* *For identification only*