

CIMC 中集

China International Marine Containers (Group) Co., Ltd.
(a joint stock company incorporated in the People's Republic of China with limited liability)

A Share Stock Code: 000039
H Share Stock Code: 2039



Interim Report
2018

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Definitions

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

Items	Definitions
"A Share(s)" (or "RMB-denominated Ordinary Share(s)")	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 Renminbi.
"A Share(s) Share Option Incentive Scheme"	share option incentive scheme of China International Marine Containers (Group) Co., Ltd. considered and approved at the extraordinary general meeting of the Company on 17 September 2010.
"Articles of Association"	"The Articles of Association of China International Marine Containers (Group) Co., Ltd."
"Board"	the Board of the Company.
"C&C Trucks"	C&C Trucks Co., Ltd. (集瑞聯合重工有限公司), a company incorporated in the PRC with limited liability in 2009 and a non-wholly-owned subsidiary of the Company.
"CASBE"	Accounting Standards for Business Enterprises – Basic Standard and 38 Specific Accounting Standards issued by the Ministry of Finance of the PRC, and application guidance and interpretations to CASBE and other related regulations subsequently issued.
"CFSE"	China Fire Safety Enterprise Group Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Hong Kong Stock Exchange (Stock Code: 445). It was renamed as CIMC-TianDa Holdings Company Limited on 18 May 2018.
"China Merchants Group"	China Merchants Group Limited, a company incorporated in the PRC with limited liability in 1986 and the indirect largest shareholder of the Company as at the date of this Report.
"China COSCO Shipping"	China COSCO Shipping Corporation Limited, a company incorporated in the PRC with limited liability in 2016 and the indirect second largest shareholder of the Company as at the date of this Report.
"CIMC" or "Company"	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the main board of the Hong Kong Stock Exchange.
"CIMC Enric"	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company incorporated in the Cayman Islands with limited liability in 2004, the shares of which are listed on the main board of the Hong Kong Stock Exchange (Hong Kong stock code: 3899) and a non-wholly-owned subsidiary of the Company.

Definitions

"CIMC Finance Company"	CIMC Finance Co., Ltd., a company incorporated in the PRC in 2010 and a non-wholly-owned subsidiary of the Company.
"CIMC Financial Leasing Company"	CIMC Financial Leasing Co., Ltd., a company incorporated in the PRC in 2007 and a wholly-owned subsidiary of the Company.
"CIMC HK"	China International Marine Containers (Hong Kong) Limited (中國國際海運集裝箱(香港)有限公司), a company incorporated in Hong Kong in 1992 and a wholly-owned subsidiary of the Company.
"CIMC Offshore Engineering"	CIMC Offshore Engineering Co., Ltd., a company incorporated in the PRC in 2016 and a wholly-owned subsidiary of the Company.
"CIMC Modular"	CIMC Modular Building Investment Company Limited (中集模塊化建築投資有限公司), a company incorporated in the PRC in 2013 and a wholly-owned subsidiary of the Company.
"CIMC Raffles"	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore with limited liability in 1994 and a wholly-owned subsidiary of the Company.
"CIMC Skyspace Real Estate"	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd., a company incorporated in the PRC with limited liability in 1998 and a non-wholly-owned subsidiary of the Company.
"CIMC-TianDa"	CIMC-TianDa Holdings Company Limited (中集天達控股有限公司), a company incorporated in the PRC in 1992 and a non-wholly-owned subsidiary of the Company.
"CIMC Vehicle (Group)"	CIMC Vehicle (Group) Co., Ltd. (中集車輛(集團)有限公司), a company incorporated in the PRC in 1996 and a non-wholly-owned subsidiary of the Company.
"Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules.
"CSRC"	China Securities Regulatory Commission.
"Director(s)"	the director(s) of the Company.
"Group", "we", "our" and "us"	the Company and its subsidiaries.
"H Share(s)" (or "Overseas-listed Foreign Share(s)")	overseas-listed foreign ordinary share(s) 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.
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC.

Definitions



“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited.
“Rules of Procedures for the General Meeting”	the Rules of Procedures for the General Meeting of China International Marine Containers (Group) Co., Ltd.
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Hong Kong Listing Rules.
“Southern CIMC”	Shenzhen Southern CIMC Containers Manufacture Co., Ltd., a company incorporated in the PRC in 1995 and a wholly-owned subsidiary of the Company.
“PRC” or “China”	the People’s Republic of China.
“Pteris”	Pteris Global Limited, a company incorporated in Singapore and a non-wholly-owned subsidiary of the Company.
“Reporting Period”	the six months from 1 January 2018 to 30 June 2018.
“RMB”	Renminbi, the lawful currency of the PRC.
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong.
“Shareholder(s)”	the holder(s) of A share(s) and H share(s) of the Company.
“Shenzhen Listing Rules”	Rules Governing the Listing of Securities on the Shenzhen Stock Exchange.
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange.
“Supervisor(s)”	the supervisor(s) of the Company.
“Supervisory Committee”	the Supervisory Committee of the Company.
“USD” or “US dollars”	United States dollars, the lawful currency of the United States of America.
“Ziegler”	Albert Ziegler GmbH, a company incorporated in Germany and a non-wholly-owned subsidiary of the Company.
“%”	percentage.

Glossary

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

Items	Definitions
ERP	Enterprise Resource Planning.
EPC	Engineering, Procurement and Construction.
FPSO	Floating Production Storage and Offloading Unit.
GSE	Ground Support Equipment, refers to airport equipment used to ensure flight safety. To meet the requirements for aircraft maintenance and flights, airports are equipped with a variety of modern ground support equipment, including mechanical, electric, hydraulic and special gas equipment.
Jack-up Drilling Platform	A jack-up drilling platform is a mobile oil rig commonly used for shallow water operation. Most jack-up rigs operate in water depths ranging from 250 to 400 feet. This type of oil drilling equipment is a platform floating on water, which is generally equipped with machinery, power supply, equipment and accommodation facilities as well as certain liftable spud legs.
LNG	Liquefied Natural Gas.
Modular Building	the building manufactured in a factory environment and transported to a prepared project site to be installed.
ONE Model	Optimisation Never Ending, the lean management system of the Group.
OPEC	Abbreviation for the Organisation of the Petroleum Exporting Countries.
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environmental aspects.
SBU	Strategic Business Unit.
Semi-submersible Drilling Platform	A semi-submersible drilling platform is a mobile oil rig platform; the upper part of the hull structure is the working deck and the lower part comprises two lower hulls, with the parts connected by support columns. When in operation, the lower hulls are submerged into the water. A semi-submersible platform is generally used in deep seas with water depths ranging from 600-3,600 metres. The platform typically uses a dynamic positioning system for positioning.
TEU	Twenty-foot equivalent unit, also known as a standard unit (a container with a length of 20 feet, a height of 8 feet and 6 inches and a width of 8 feet), being used to measure the volume of a container.

Chapter I Corporate Profile

I. COMPANY PROFILE

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

II. CONTACT PERSONS AND MEANS OF COMMUNICATION

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

Chapter I Corporate Profile

III. INFORMATION DISCLOSURE AND LOCATIONS FOR DOCUMENTS FOR INSPECTION

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

IV. STOCK INFORMATION OF THE COMPANY

Stock Exchange on which A Shares are Listed:	Shenzhen Stock Exchange
Abbreviated Stock Name for A Shares:	CIMC
Stock Code:	000039

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

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

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

Applicable Not applicable

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

Applicable Not applicable

Whether the registration was changed during the Reporting Period

Applicable Not applicable

Whether other relevant information was changed during the Reporting Period

Applicable Not applicable

Chapter II Summary of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS

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

Yes No

Unit: RMB thousand

Consolidated income statement items	The Reporting Period (January – June 2018) (unaudited)	The same period of the previous year (January – June 2017) (unaudited)	Changes from the
			same period of the previous year to the Reporting Period (%)
Revenue	43,560,398	33,387,152	30.47%
Operating profit	1,828,383	1,537,942	18.89%
Total profit	1,829,811	1,576,142	16.09%
Income tax expense	513,854	509,633	0.83%
Net profit for the current period	1,315,957	1,066,509	23.39%
Net profit attributable to Shareholders and other equity holders of the Company	965,397	796,898	21.14%
Minority profit or loss/(loss)	350,560	269,611	30.02%
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	720,016	865,083	(16.77%)

Unit: RMB thousand

Consolidated balance sheet items	As at the end of the Reporting Period (30 June 2018) (unaudited)	As at the end of the previous year (31 December 2017) (audited)	Changes from
			the end of previous year to the end of the Reporting Period (%)
Total current assets	64,114,386	59,001,923	8.66%
Total non-current assets	74,153,973	71,602,456	3.56%
Total assets	138,268,359	130,604,379	5.87%
Total current liabilities	58,400,876	50,206,855	16.32%
Total non-current liabilities	38,221,442	37,160,090	2.86%
Total liabilities	96,622,318	87,366,945	10.59%
Total shareholders' equity	41,646,041	43,237,434	(3.68%)
Equity attributable to:			
Shareholders and other equity holders of the Company	30,663,008	32,460,927	(5.54%)
Minority interests	10,983,033	10,776,507	1.92%
Share capital (shares)	2,984,956,336	2,982,889,136	0.07%

Chapter II Summary of Accounting Data and Financial Indicators

Unit: RMB thousand

	The Reporting Period (January – June 2018) (unaudited)	The same period of the previous year (January – June 2017) (unaudited)	Changes from the same period of the previous year to the Reporting Period (%)
Consolidated cash flow statement items			
Net cash flows from/(used in) operating activities	(856,239)	(668,216)	(28.14%)
Net cash flows from/(used in) investing activities	(2,277,508)	(1,507,729)	(51.06%)
Net cash flows from/(used in) financing activities	2,745,243	1,875,660	46.36%
	As at the end of the Reporting Period 30 June 2018 (unaudited)	As at the end of the previous year 31 December 2017 (audited)	Changes from the end of previous year to the end of the Reporting Period (%)
Balance of cash and cash equivalents at the end of the period	4,643,026	5,940,423	(21.84%)

Key Financial Indicators

	The Reporting Period (January – June 2018) (unaudited)	The same period of the previous year (January – June 2017) (unaudited)	Changes from the same period of the previous year to the Reporting Period (%)
Basic earnings per share attributable to shareholders of the Company (RMB/share)	0.3061	0.2554	19.85%
Diluted earnings per share attributable to shareholders of the Company (RMB/share)	0.3038	0.2544	19.42%
Weighted average return on net assets (%)	2.95%	2.76%	0.19%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	2.16%	3.00%	(0.84%)
Net cash flows from/(used in) operating activities per share (RMB/share)	(0.29)	(0.22)	(31.82%)
	As at the end of the Reporting Period (30 June 2018) (unaudited)	As at the end of the previous year (31 December 2017) (audited)	Changes from the end of previous year to the end of the Reporting Period (%)
Net assets per share attributable to Shareholders and other equity holders of the Company (RMB/share)	10.27	10.88	(5.61%)
Gearing ratio (%) (Note)	69.88%	66.89%	2.99%

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

Chapter II Summary of Accounting Data and Financial Indicators

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

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

Applicable Not applicable

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

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

Applicable Not applicable

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

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

Applicable Not applicable

Chapter II Summary of Accounting Data and Financial Indicators

III. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNT

Applicable Not applicable

Unit: RMB thousand

Items	Amount (January – June 2018) (unaudited)
Gains/(loss) on disposal of non-current assets	37,319
Government grants recognised in profit or loss for the current period	120,979
Gains or losses from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities relating to the Group's ordinary activities	9,007
Net gains from disposal of long-term equity investments	116,892
Other non-operating income and expenses other than the above items	1,428
Other profit/loss items defined as non-recurring profit/loss items	–
Effect of income tax	(2,803)
Effect of minority interests (after tax)	(37,441)
Total	245,381

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

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

Applicable Not applicable

The Company did not define the non-recurring profit or loss items as defined and listed under the Explanatory Announcement No. 1 as recurring profit or loss items during the Reporting Period.

Chapter III REPORT OF THE BOARD



I. BUSINESS SUMMARY

The Group is principally engaged in the manufacture of modern transportation equipment, energy, chemical and liquid food equipment, offshore engineering equipment, logistics services and airport facilities equipment 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 the industrial city development business and the financial business. Currently, the Group ranks No.1 in the world in terms of output and sales volume of standard dry containers, reefer containers and tank containers, and the Group is China's largest producer of road transportation vehicles, ranking No.1 in the world in terms of market share of semi-trailers. The Group's boarding bridge business holds the position as a global leader in terms of integrated competitiveness and is one of the three major manufacturers of passenger boarding bridges around the world, with market share in China exceeded 95% for three consecutive years. The Group is 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 container, road transportation vehicle, energy, chemical and liquid food equipment and financial businesses, respectively.

II. REVIEW OF PRINCIPAL BUSINESSES DURING THE REPORTING PERIOD

1. Overview

In the first half of 2018, as the US imposed large-scale tariffs that initiated a global trade war, there has been greater fluctuations in the exchange rate of Renminbi against the US dollar, which led to various risks and uncertainties to remain in the recovery of the global economy and trading activities. However, the global economy still remained its trend of moderate recovery. International trade maintained growth and some regions in emerging economies rallied. In addition, the Group had a smaller percentage in products directly exported to the US market. Thus, in the first half of 2018, the overall business position of the Group recorded good performance.

Chapter III REPORT OF THE BOARD

By virtue of the global and domestic economic recovery, during the Reporting Period, the Group's revenue amounted to RMB43,560.398 million (same period in 2017: RMB33,387.152 million), representing significant year-on-year growth of 30.47%. Among the principal businesses, revenue from the container and the airport facilities equipment businesses recorded significant growth. Revenue from the road transportation vehicle, the energy, chemical and liquid food equipment, the heavy truck and the logistics service businesses sustained stable growth, while revenue from the financial business slightly decreased. Revenue from the industrial city development business and the offshore engineering business declined to a certain extent. During the Reporting Period, the Group's net profit attributable to the shareholders and other equity holders of the parent company amounted to RMB965.397 million (same period in 2017: RMB796.898 million), representing a year-on-year growth of 21.14%.

2. Review of Operations of Major Business Segments

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 No.1 in terms of sales volume of containers in the industry.



In the first half of 2018, global trade continued to maintain steady growth, container transportation volume increased steadily. Customers maintained strong procurement demand for new containers given higher market demand. Container prices remained stable as a result of the relatively balanced supply-demand in the container manufacturing industry. During the Reporting Period, the overall sales volume and revenue of containers of the Group achieved significant year-on-year growth. While maintaining favourable growth in demand, the Group also seized market opportunities and significantly increased market share, especially in the reefer container business.

Chapter III REPORT OF THE BOARD

During the Reporting Period, by virtue of the recovery in the container business, the accumulated sales volume of ordinary dry containers of the Group reached 806,900 TEUs (same period in 2017: 535,700 TEUs), representing a year-on-year increase of 50.63%; the accumulated sales volume of reefer containers reached 76,600 TEUs (same period in 2017: 35,100 TEUs), representing a year-on-year increase of 118.23%. The container business of the Group recorded a revenue of RMB16,094.146 million (same period in 2017: RMB10,049.055 million), representing a year-on-year increase of 60.16%, and a net profit of RMB213.564 million (same period in 2017: profit of RMB681.102 million), representing a year-on-year decrease of 68.64%. The decrease in net profit was mainly due to high cost of water-based paint used in coating lines and rising steel prices, which resulted in a year-on-year decrease in gross profit.

In the first half of 2018, the demand recovery in the container business of the Group continued, with more orders in the first half of this year than that in the same period of the previous year. However, affected by the higher costs of containers with water-based paint and the increase in steel prices as well as other factors, the overall profit levels declined notably compared to that of the same period of the previous year. As of 30 June 2018, the dry special container production lines of the Group have completed water-based paint renovation tasks; production and operation has started to generate positive results, and market share was at a stable and normal level. Meanwhile, in terms of technical R&D, the Group increased injection of various resources committed to improve the level of automatization, informatization, digitalization and green development of the container business of the Group, with the work for various projects currently progressing in an orderly manner. In terms of significant investments, different construction tasks of the relocation project of containers in Fenggang, Dongguan, are currently progressing in an orderly manner, and it is estimated that Phase I construction will be officially put into operation in the third quarter of the year.

Road Transportation Vehicle Business

CIMC Vehicle (Group), a subsidiary of the Group, has developed different product lines for special vehicles consisting of 10 series and more than 1,000 models. Products include 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 and cover major domestic and international markets.

In the first half of 2018, the global economy continued the momentum of growth from the previous year. In the domestic market, affected by last year's excessive purchase of e-commerce logistics transportation products, product replacement for semi-trailers in the logistics industry slowed down, and by virtue of policies and regulations, orders for car carriers have seen exponential growth. Meanwhile, the increase of infrastructure projects propelled the demand for engineering special-use vehicles. In the overseas market, the US economy grew vigorously, and there was strong demand for replacement of maritime skeleton trailers. Western and Eastern Europe achieved a favourable economic growth. While in emerging markets, the economy grew at a slow pace, with increased market uncertainties as well as political and financial risks in some regions.

During the Reporting Period, the Group's road transportation vehicle business achieved total sales volume of 92,001 units (same period in 2017: 81,468 units), representing a year-on-year increase of 12.93%. The Group recorded revenue (excluding the heavy truck business) of RMB11,529.461 million (same period in 2017: RMB9,719.601 million), representing a year-on-year increase of 18.62%, and achieved net profit (excluding the heavy truck business) of RMB626.200 million (same period in 2017: RMB568.016 million), representing a year-on-year increase of 10.24%. The increase in revenue and net profit was mainly due to growth in the construction vehicle business.

Chapter III REPORT OF THE BOARD

In the first half of the year, CIMC Vehicle (Group) continued promoting global operation management steadily, enhanced operational efficiency of assets and corporate profitability in each business unit, and focused on investment and development of the incremental business and the innovation business in each business unit. In the domestic market, the company improved the production capacity optimisation design of its plants and actively captured opportunities within market segments. In the overseas market, the company actively seized opportunities brought by soaring demand from the replacement of maritime skeleton trailers in the North American market, while in the European market, the company focused on its leading products, actively promoted business cooperation between domestic and overseas enterprises and leveraged its leading position in cost. In emerging markets, the company sought for business growth through focusing on development and cultivation of key markets.

Energy, Chemical and Liquid Food Equipment Business

The Group's subsidiary CIMC Enric is principally engaged in the design, development, manufacturing, engineering and sales of various transportation, storage and processing equipment widely used in three sectors, namely clean energy, chemical environment and liquid food equipment, 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 Americas; and from its production base in Europe, 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·全球營運)" based on its production bases located in China and Europe.

Against the backdrop of oil prices gradually recovering, the economic value of natural gas begins to emerge. On top of that, environmental protection requirements becomes increasingly stringent, resulting in a trend of rapid growth in natural gas consumption in the first half of the year. During the Reporting Period, CIMC Enric's energy equipment segment recorded a slight increase in revenue. Its chemical equipment segment recorded a year-on-year growth driven by sales volume of tank containers, while its liquid food equipment segment recorded a slight increase in revenue due to the impact of increased orders and a faster than expected construction progress.

During the Reporting Period, the energy, chemical and liquid food equipment business of the Group recorded a revenue of RMB6,185.680 million (same period in 2017: RMB5,060.511 million), representing a year-on-year increase of 22.23%, and a net profit of RMB298.633 million (same period in 2017: RMB52.263 million), representing a significant year-on-year increase. Of which, the revenue from CIMC Enric's energy equipment business was RMB2,516.134 million (same period in 2017: RMB2,164.153 million), representing a year-on-year increase of 16.26%; the revenue from its chemical equipment business was RMB1,699.997 million (same period in 2017: RMB1,363.939 million), representing a year-on-year increase of 24.64%; and the revenue from its liquid food equipment business was RMB1,410.177 million (same period in 2017: RMB1,098.214 million), representing a year-on-year increase of 28.41%.

Chapter III REPORT OF THE BOARD

In the first half of the year, each principal segment of CIMC Enric was committed to “achieve continued growth with quality” by strengthening core technical reserve and enhancing business competitiveness. (1) The energy equipment and construction segment commenced several R&D projects, such as large LNG fuel tanks for vessels, new LNG refilling stations, and safe LNG transport semi-trailers using new structure, standards and materials. The segment was also devoted to overseas market deployment and developed the skid mount LNG refilling station R&D, LNG fuel equipment for vessels and supply system development targeting the international market. Meanwhile, in order to promote healthy sustainable development, the segment also actively expanded R&D projects in the new energy sector, such as upstream-to-downstream equipment using hydrogen energy and technical R&D projects. (2) The chemical equipment segment strove to provide customers new logistics solutions and was devoted to the R&D of multi-series and multi-type tank containers. During the Reporting Period, the segment successfully researched and developed tank containers with anticorrosive linings, remaining as the leader in the industry with its tank container technology. (3) The liquid food equipment segment strove to enhance the key beer equipment product ranges to provide overall solutions for the international and domestic food equipment markets, such as deaerated water manufacturing system and liqueur mixing system development project.

Offshore Engineering Business

Established under CIMC Raffles, a subsidiary of the Group, are 4 R&D and design companies, 3 construction bases and 6 operation and management companies, whose integrated operation model comprises design, procurement, manufacture, construction, commission and operation, and possesses the capability of mass and industrialised construction of high-end offshore engineering equipment and other special vessels as a general contractor. CIMC Raffles is also one of the leading contractors of high-end offshore engineering equipment in China. Its major businesses include the design and construction of semi-submersible platforms, semi-submersible accommodation platforms, jack-up drilling platforms, jack-up accommodation platforms, gas compression jack-up units, liftboats, floating production storage vessels, crane vessels, pipe-laying vessels, OSV, ocean tugs, mid-to-high-end yachts and other vessels, with its products covering the majority of offshore engineering products.

In the first half of 2018, benefitting from OPEC production cuts exceeding expectations, the crude oil market overall maintained a positive upward trend and international oil prices rebounded to a standard of USD70 per barrel. From a long-term perspective, the crude oil market still remained in a slow recovery trend, and the continued volatile rise of market prices has not changed. The market in which the global offshore engineering equipment operates continued its moderate recovery trend; equipment utilisation rates were further increased, and the industry continued its optimisation and integration. There was an intense market competition among the floating production platform market, and orders for offshore engineering non-hydrocarbon vessels increased. On 13 June 2018, President Xi Jinping visited the Yantai plant of CIMC Raffles Offshore Ltd. to learn more about CIMC Offshore’s pursuit of independent innovation and development as well as the progress of establishing independent design, research and development, and manufacturing of its high-end offshore engineering equipment, leaving with high expectations for CIMC Offshore.

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However, affected by characteristics of the offshore engineering industry and reasons such as new orders acquired but not yet entering construction stages and the postponed delivery of the orders on hand, during the Reporting Period, the offshore engineering business of the Group recorded a revenue of RMB788.190 million (same period in 2017: RMB1,214.509 million), representing a significant year-on-year decrease of 35.10%, and a net loss that expanded to RMB705.578 million (same period in 2017: net loss of RMB550.421 million).

In the first half of the year, CIMC Raffles' CR600 accommodation platform with complete independent intellectual property rights completed Petrobras testing and implemented the Petrobras lease. The newly acquired order for FPSO unit commenced construction at the end of March this year. The contract of Norway's Nordlaks deepwater breeding vessel with a contract amount of USD106 million became effective in February 2018. Other newly effective orders with an aggregate value of USD25 million include an 800-passenger vessel, a marine ranching platform, deepwater aquaculture cages, etc. As at the end of the first half of the year, CIMC Raffles held effective contracts with a value of USD131 million.

Logistics Service Business

In the first half of 2018, frictions emerged in economic trade between China and the US, which brought uncertainties to global trade recovery, with a global liquidity slowdown and a decrease in import and export business. Meanwhile, as logistics technological advancements such as blockchain and unmanned technology continued to be developed, economy and trade growth drivers shifted with a clear trend of professionalism and a continuous improvement on resource allocation efficiency. Traditional logistics enterprises were faced with challenges as utilisation of the Internet and informatisation continued to develop.

During the Reporting Period, due to the significant increase in revenue from the rail-water transport business, the logistics service business of the Group achieved a revenue of RMB4,062.616 million (same period in 2017: RMB3,751.202 million), representing a year-on-year increase of 8.30%, and a net profit of RMB83.516 million (same period in 2017: RMB57.340 million), representing a year-on-year increase of 45.65%.

In the first half of 2018, the logistics service business of the Group steadily pushed forward four major business lines. (1) The container services business line formulated the business plans focusing on the development of three major products, namely container yard, railway station service and selling and leasing of containers; strengthened cooperation in Southeast Asian markets including Thailand and Vietnam; commenced joint projects in the container yard business with shipping companies; continued improving the service network of the railway cold chain, and provided container leasing and complementary services for railroad logistics companies; successfully completed the global sale of secondhand dry containers which the Group won a tender from Yang Ming Marine Transport in the previous year. (2) The marine transport and project logistics service business line improved domestic and international network distribution based on and along the "Belt and Road" initiative, focusing on key regions such as Africa, Central and Eastern Europe and Southeast Asia; promoted the shipping and freight forwarding network distribution in Southern China, and expanded shipping and freight forwarding service coverage; established professional logistics companies for engineering projects; actively explored strategic opportunities in new fields such as LNG tank container intermodal transport, cross-border e-commerce logistics and cold chain logistics. (3) For the rail-water transport business line, CIMC Kaitong Logistics Development Co. Ltd. closely adhered to the national "Belt and Road" initiative, established joint venture platform

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companies of international railway lines, launched an aggregate of 53 entry and outbound railway lines between January and June, completed a container shipping volume amounting to 5,315 TEUs, and achieved full coverage with its three railway routes spanning across the eastern, central and western regions; domestically, it proactively promoted construction of green logistics trunk network of multimodal transport to open a special railway line for coal road-rail transport containers. Sino-Worlink (Beijing) International Logistics Co., Ltd. continuously focused on and pushed forward in multimodal transport fields including automobile logistics, cold chain logistics and project logistics to complete domestic and overseas network deployment. In the first half of the year, it cooperated closely with China Railway Special Cargo Automobile Logistics Co. Ltd. (CRSCAL) and achieved a significant breakthrough in the field of international passenger vehicle transport, successfully becoming the logistics supplier of leading international automobile companies such as BMW and VOLVO. Furthermore, the logistics services business has actively developed cross-border railway transport of special cargo by deepening the “Belt and Road” initiative and seizing great opportunities of development in the international railway transport market. (4) The equipment logistics business line clearly defined modular packaging leasing operation service as its core business and continued to cultivate the fields of food, energy and chemicals in order to put effort into creating professional products with market competitiveness for promoting logistics solutions of “logistics + apparatus” with the belief that “equipment changes logistics”, as well as proactively extended off-line network to establish and implement the leasing operation platform.

Heavy Truck Business

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

In the first half of 2018, the demand in the heavy truck market maintained rapid growth, which was mainly attributable to the following driving factors: (1) Investments in fixed assets, particularly those for infrastructure, maintained stable growth; (2) Starting 1 July, carriers that fail to comply with regulations are banned from use on roads, which drove the upgrade of carriers or its replacement with newer models; (3) Several local governments either banned National III diesel-powered vehicles from entering cities or encouraged replacement and upgrade of such vehicles.

During the Reporting Period, C&C Trucks under the Group recorded overall sales volume of 5,523 units (including domestic market sales volume of 5,273 units of and international market sales volume of 250 units; same period in 2017: 4,438 units), representing a year-on-year increase of 24.45%, recorded a revenue of RMB1,620.106 million (same period in 2017: RMB1,283.201 million), representing a year-on-year increase of 26.26% and a net profit of RMB5.445 million (same period in 2017: loss of RMB42.814 million). During the Reporting Period, the loss-to-profit turnaround recorded by C&C Trucks mainly benefitted from the growth in revenue scale, improvement in management efficiency and increase in investment income.

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In the first half of the year, C&C Trucks actively responded to the market. In the domestic market, C&C Trucks formulated the “one store, one policy” special project policy to support regional key products based on regional differentiated markets; at the same time, it developed adaptable vehicle models such as Shenzhen muck trucks, natural gas harbour vehicles, low-roof coal trucks and new energy electric trucks in order to meet demands of differentiated markets. C&C Trucks also targeted products that reach a certain scale in sales in specific regions and realised growth in sales volume. In the international market, C&C Trucks began the business model of mainly focusing on spare parts delivery, supported by full truckload delivery, to expand new markets while retaining old markets, opened up Southeast Asian and Central Asian markets through border trade, and explored emerging markets such as Poland and Mongolia building on the expansion into new markets along the routes of the Belt and Road policy. This became an initial step of changing limited number of market channels in the past and laying the foundation for better development in international business.

Airport Facilities Equipment Business

In the first half of 2018, the Group injected equity interest in Pteris into China Fire Safety Enterprise Group Limited (now renamed as “CIMC-TianDa Holdings Company Limited”, hereinafter referred to as “CIMC-TianDa”). This move facilitates putting management and control advantages of the Group’s airport segment management into full play as well as the integration of core competitive capabilities of its core businesses such as airport facilities equipment, fire and rescue equipment and logistics equipment.

The principal business of the Group’s airport facilities equipment business includes airport facilities equipment business (including GSE business), fire and rescue vehicle business, automated logistics systems business and smart parking business.

In the first half of 2018, the global airline industry sustained development and demand for airport facilities equipment continued to grow steadily. Driven by its increased effort in infrastructure construction and affected by its further development of urbanisation, China’s market growth was more significant. The development of e-commerce express delivery brought excellent opportunities to the automatic logistics equipment business. 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 and other ministries and departments, 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 RMB1,749.181 million (same period in 2017: RMB1,180.919 million), representing a year-on-year increase of 48.12%. It recorded net profit of RMB85.468 million (same period in 2017: loss of RMB4.173 million). During the Reporting Period, the loss-to-profit turnaround recorded by the airport facilities equipment business was mainly due to the significant increase in quantity of delivered boarding bridges as compared to that of the corresponding period in the previous year.

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In the first half of the year, the strength of the Group's airport facilities equipment business was further improved. (1) The airport facilities equipment business: domestic business furthered gained steady growth, and accelerated the expansion plan of advancing into the US market. The research and development of the unmanned boarding bridges technology made progress in an orderly manner. Relying on the airport facilities business, the bridge loading and other boarding bridge ancillary product businesses also gained steady growth in the first half of the year. In terms of GSE business, the two-way shuttle ferries and electric-powered products of Xinfra Airport Equipment Ltd., a subsidiary of the Company, gained further customer recognition and its results went up steadily. The Group advanced optimisation and integration of AeroMobiles Pte. Ltd in an orderly manner. CIMC Air Marrel SAS has developed steadily. The manufacturing of food vehicles and lifting platform vehicles has gradually been moved to China, thereby further improving product quality and securing on-time delivery. (2) The fire and rescue vehicle business: Ziegler was in the process of establishing a factory in Croatia to reduce manufacturing costs in a reasonable manner. For the domestic market, while the fire and rescue vehicle business is growing steadily, the focus is on the development of the aerial lift truck market and the active deployment of a strategy covering product lines and areas through all dimensions. On 31 July, Allied Best (China) Fire Safety Appliances Manufacturing Co., Ltd, an indirect wholly owned subsidiary of CIMC-TianDa, acquired 60% equity interests in Shenyang Jietong Fire Truck Co., Ltd. (瀋陽捷通消防車有限公司) ("Shenyang Jietong"). This enables the Group to strengthen its portfolio of fire engines and enlarge its geographical market coverage and production capacity, and allows the Group to have access to Shenyang Jietong's research and know-how, which the Group could leverage on to further accelerate the pace of its business development. This transaction is still pending approval at the general meeting of CIMC-TianDa. In addition, the Group entered into a strategic cooperation agreement with Guangdong Province Public Security Fire Brigade (廣東省公安消防總隊). Building on mutual benefit

and win-win cooperation, the Group innovated comprehensive solutions of fire engine leasing and provided complete series of high-to-low-end fire safety equipment to accelerate upgrade of the fire safety business in Guangdong Province. The Group also pioneered a new model of "equipment + finance + service" for the fire engine business. (3) The automated logistics systems business: benefitting from core technologies including automated sorting, the integrating capacity of logistics systems has seen enhancement with more large orders secured. Meanwhile, the business strengthened optimisation and integration of its internal resources, lowered costs and raised efficiency, thereby further enhancing profit levels. (4) The smart parking business: during the Reporting Period, the new energy multi-storey public car park for buses was the first to obtain certification in China and the Group has been steadily proceeding with pilot projects. Meanwhile, the Group also has the independent intellectual property rights of the mechanical multi-storey public car park for small cars.

Industrial city development business

The Group's industrial city development business is operated mainly through its subsidiary CIMC Skyspace Real Estate and its subsidiaries. Its principal businesses include the development of complexes in industrial cities, development and operation of industrial parks and development of some traditional real estate.

In the first half of 2018, CIMC Skyspace Real Estate, a non-wholly-owned subsidiary of the Group, achieved breakthroughs in areas such as land reserve and project advancement. The acquisition of 2 parcels of land in Shanghai and Shenzhen marked CIMC Skyspace Real Estate's first trial-running of wholly-owned quality projects in first-tier cities: In January 2018, CIMC Skyspace Real Estate acquired leasehold housing land in Luodian Town, Baoshan District, Shanghai, with a total gross floor area of approximately 91,500 square metres, on which leasehold residence under the Group's direct holdings will be constructed; In June 2018, CIMC Skyspace Real Estate successfully acquired

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the industrial land No. A621-0043 in Guangming New District with a total gross floor area of 138,700 square metres. The project has since been fully initiated. The land will be used to construct the first world-class low orbit satellite IoT industrial park in China. Overall, the Qianhai land projects realised major breakthroughs and advancements. Among them, foundation was laid out for Qianhai CIMC pre-initiation project (first phase) on 21 March 2018. It has since entered a substantive rapid acceleration phase. In the first half of 2018, CIMC Skyspace Real Estate entered into strategic cooperation agreements with various local governments for the integrated development projects of industrial cities so as to lay down a solid foundation for sustainable business development.

During the Reporting Period, the Group's industrial city development business realised a revenue of RMB159.955 million (same period in 2017: RMB297.664 million), representing a year-on-year decrease of 46.26% and a net profit of RMB38.009 million (same period in 2017: RMB65.035 million), representing a year-on-year decrease of 41.56%. The decrease in sales revenue and net profit was due to the confirmation time of deliveries for the current year was primarily concentrated in the second half of the year, and the decrease in areas for sale that have been delivered and charged to revenue during the Reporting Period.

CIMC Skyspace Real Estate focused on industrial park business and strove to become a de facto "industrial park operation expert". In the first half of 2018, the company had undergone significant adjustments in strategy development, organisation structure and other areas. In addition, the company established an industry business department and a business development department to enhance its industrial park operation capabilities through building "six major centres" (including industry research centre, planning and design centre, merchant service centre, financial service centre, incubator acceleration centre and operation service centre) and fostering "nine major capabilities" (including industry research capability, planning and design capability, merchant

service capability, financial service capability, technical service capability, management service capability, market service capability, administrative service capability and talent service capability). The company also established Shenzhen Tianji Industrial City Investment Development Co., Ltd., a joint venture platform for industrial parks, and introduced strategic cooperation partners for urban regeneration, and worked to strengthen its resources and construction capabilities regarding industrial park operation services and urban regeneration. The work of inviting investments into Dongguan CIMC Intelligence Valley project and Guangdong Xinhui CIMC Database project has progressed smoothly with high regards from the government, society and individual businesses. Among them, the Guangdong Xinhui CIMC Database project was awarded the title of "Entrepreneurship and Innovation Model Bases for Micro and Small Enterprises in Guangdong Province".

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 Company and CIMC Finance Company.

During the Reporting Period, in respect of the financial business, the Group achieved revenue of RMB1,048.934 million (same period in 2017: RMB1,148.040 million), representing a year-on-year decrease of 8.63%, and net profit of RMB306.208 million (same period in 2017: RMB516.097 million), representing a year-on-year decrease of 40.67%. The year-on-year decrease in net profit was mainly due to the decrease in lease income of offshore platform and the increase in financial costs.

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In the first half of 2018, the domestic financial industry generally continued the “strict regulation, deleveraging and risk prevention” momentum. With financial deleveraging progress being pushed forward, the aggregate social financing experienced slower growth, while corporate credit risks rose significantly. Meanwhile, banks tightened credit facilities to non-financial institutions, financing costs of financial leasing companies rose, financing accessibility decreased, and the operating capital and liquidity pressure faced by financial leasing companies was increasingly higher. Under the multiple challenges, the domestic financial leasing industry will enter into the stage of stable development from high-speed booming development in recent years, with overall industrial growth decelerated in the first half of 2018. In the face of market adjustment, CIMC Financial Leasing Company adhered to the strategic positioning of “the integration of industry and finance” to enhance the coordination of operation and finance of various business segments under the Group through specialised subsidiaries model, further optimised business layout and asset portfolio, improved the quality of customer base and assets, as well as explored and cultivated the new business of weak cyclical and low risks relevant to businesses of the Group. In respect of risk management and control, it continued to optimise and improve the comprehensive risk management system, adhered to the strategy of “quality first, prudent risk management”, and strictly controlled the quality of new investment in business to improve asset safety. In respect of financing, it established and maintained positive cooperation with external financial institutions, continuously broadened external financing channels, and proactively explored different ways of leased asset securitisation financing. CIMC Financial Leasing Company successfully launched the prototype leased asset securitisation products in June 2018, established financing channels of leased assets and secured funding resources for the company's development. In the first half of 2018, CIMC Financial Leasing Company's investment in new businesses met expectations, with continuous rise in operating efficiency and overall development at a safe and steady pace.

In the first half of 2018, China continued to maintain a prudent and neutral monetary policy and continuously strengthened financial regulatory policies to facilitate high-quality economic growth and deal with financial risks, with increasingly tight capital in the market in general, positive achievement in financial deleveraging and stable increase in currency credit. Under the circumstances, CIMC Finance Company adhered to the industry development trend of the Group and persisted on its function of serving the Group, industry value chain and the real economy, and made additional financial investment of nearly RMB6,600 million in the first half of the year, which provided capital support for group development. Meanwhile, it continued to improve the precision level of its financial services, formulated specialised financial service plans with respect to the characteristics of industrial development to enhance the efficiency and effectiveness of the Group's utilisation of capital, and actively expanded the credit business for buyers to enhance the comprehensive competitiveness of the Group in terms of industrial development. In respect of risk prevention and control, CIMC Finance Company fully implemented the regulatory policy requirements to risk prevention, strengthened the awareness in risk management and control so as to ensure the stable development of the Group's financial business.

Other Businesses:

Modular Building Business

During the Reporting Period, the modular building business of the Group sustained stable development under the guidance of the “manufacturing + finance + service” triple business model.

In the international market, the Group further expanded into new markets in various countries and regions including the UK, the US, Australia, New Zealand, Iceland, etc. The UK market, as a maturing market, demonstrated different potentials in the three market segments: hotel, student residence apartment and private residence. In the hotel market, the initial design of several projects have been completed, which were expected to

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secure batch orders during the year; in the student residence apartment market, with the delivery of the student residence apartment project of the University of Newcastle, the market influence of the modular building business brand of the Group has been increasing; in the private residence market, negotiations with a number of related parties of the projects have been conducted, and intent of initial cooperation has been agreed upon; In the US market, the construction of the first project has been completed. The construction of the Djibouti project in the African market has been completed; In the Australian and New Zealand market, we have got access to high-rise hotel buildings and public safety service facilities sector; in the Scandinavian and Iceland market, we met all qualification requirements and successfully attracted interests of prospective buyers to place orders.

In the domestic market, national, provincial and municipal governments are proactively pushing forward policies for new types of buildings, giving a significant lift for the development of modular building in the domestic market. For the hotel and office building projects in the Xiong'an service centre, which was the first granted bid in Xiong'an, the modular buildings completed by the Group have been successfully delivered and put into operation, all done at the quick pace required there in "Xiong'an". The Group pushed forward technological access to the Hong Kong market simultaneously in an orderly manner, and obtained the signature CIC Zero Carbon Building project, realising another breakthrough in a market segment. In addition, the modular building business of the Group cooperated with the China Association for Engineering Construction Standardisation to complete the amendments to the "Box Steel Structure Integration Building Technology Procedures (箱式鋼結構集成建築技術規程)", which has entered the phase of opinion collection online and is expected to be issued and implemented on schedule during the year.

In the second half of 2018, the modular building business of the Group aims to stabilize existing markets and expand into new markets, expects to enter into agreements to build private apartments for a broader range of users in the society, and further expand into Scandinavian, North American

and Hong Kong market through enhancement in qualifications and solidifying our brand effect. At the same time, the Box Steel Structure Integration Building Technology Procedures jointly prepared by CIMC Modular and China Association for Engineering Construction Standardisation will be duly published, indicating that the modular building business of the Group has achieved the upgrade of corporate standards towards industrial standards, which enabled us to leverage the national policies and facilitate faster development in domestic modular building.

Multimodal Transport Business

In the first half of the year, the business development of the Group's subsidiary CIMC Multimodal Transport Development Co., Ltd. (中集多式聯運發展有限公司) (hereinafter referred to as "CIMC Multimodal Transport Company") further accelerated. The advantages of the business layout built through synergic development of highway, railroad, and water transport and various other modes of transport have started to emerge, gradually enhancing our operating efficiency. In terms of channel network distribution, CIMC Multimodal Transport Company has taken advantage of the reform of railway freight transport and continued to improve the layout of railway container express. Its businesses encompass regions in East, South, Central, South-west, North-west and North China. Meanwhile, rapidly increasing controllable vessel shipping capacities have helped facilitate the establishment of vessel transportation platforms and promote the integration and efficiency of transportation business for bulk cargo along the coast. In respect of the establishment of the cargo collection and distribution system developed based on the layout of railway routes, continuous investment has enabled CIMC Multimodal Transport Company to effectively integrate public resources and further enhance warehouse distribution capabilities. Significant progress was also made in the construction of railway stations. During the Reporting Period, we saw a quickened pace of enhancement of the platform for business operations and management, continuing to promote the practical application of the Internet, IoT and other new technologies.

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In the second half of 2018, the national implementation of a series of measures that promote the reform of transport structures has presented development opportunities in the multimodal transport business. CIMC Multimodal Transport Company of the Group will continue to increase its investment in several aspects, including the network distribution of multimodal transport channels, the operating capabilities of railway stations and the establishment of multimodal transport node network.

III. FUTURE DEVELOPMENT AND OUTLOOK

1. Macroeconomic Environment and Policies

In the second half of 2018, the global economy is expected to continue to recover moderately. However, the fact that the global trade environment is increasingly harsher brings uncertainties to the global economic recovery. China will further deepen and reinforce the supply-side structural reform, prevent risk, stimulate domestic demand, accelerate implementation of the innovation-driven development strategy and maintain a “prudent and neutral” monetary policy. The economic operation in China will maintain the stable and favourable momentum.

2. Industry Development Trend and Market Outlook

In respect of the container manufacturing business, based on the latest prediction of CLARKSON (an authoritative analysis institution in the industry), the growth of global container trade and shipping capacity will both be 5.3% in 2018. Market supply and demand are kept in balance. The growth in trade slowed slightly compared with last year but remains at a relatively high level in recent years. In addition, as a result of significant rise in oil prices, it is expected that operating results of container shipping companies for the year will generally decline. This will, to some extent, affect customers’ willingness to purchase containers. However, it is expected that demand for containers will remain relatively high throughout the year.

In respect of the road transportation vehicle business, in the second half of 2018, as the US economy will be in an overall uptrend, the market demand for maritime skeletal trailer replacement remains strong. The European economy will maintain the momentum of recovery, while lots of external uncertainties still linger on, such as rate hikes and reduction of balance sheet by the Federal Reserve, trade tensions between China and the US, as well as turbulence in the financial markets of emerging economies. Domestically, as central-axle car carriers are exposed to the policy of restricting emission levels, replacement demand still records significant growth. In addition, national measures such as restrictions on subsidised demolition of shanty towns will restrain property development. Although the number of commencement of infrastructure construction projects will remain at a high level and will maintain a growing trajectory, it is expected that the growth of demand for construction vehicles will slow down compared with the first half of the year.

In respect of the energy, chemical and liquid food equipment business, after the State Council issued the Three-year Plan on Defending the Blue Sky (《打赢蓝天保卫战三年行动计划》), requiring the completion of interconnected natural gas pipeline networks within a limited time and the opening of south-to-north natural gas transmission pipelines, along with China’s increasingly stricter requirements on transportation safety of hazardous chemicals and greater legal awareness on environmental protection in recent years, relevant state authorities continued promulgating policies to encourage the development of tank container multimodal transport. These policies will be beneficial to the increase in penetration rate of tank containers in China’s logistics industry. Meanwhile, by virtue of the public’s improved living standards and strengthened food safety and health awareness, the liquid food equipment industry is also growing rapidly.

In respect of the offshore engineering business, in the second half of 2018, international oil prices, as the core driving force for the offshore engineering market, will be underpinned by improved global supply and demand, reduced inventories and geopolitical situation. Offshore oil and gas development activities will further increase; market supply and demand continues to improve,

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and utilisation rate of drilling platforms continues to recover. However, oversupply still exists in the current market, and substantial rebound in rentals is hard to achieve in the short term. Given the limited demand for building new drilling platforms and offshore engineering ships for oil and gas development purpose, floating production platforms and offshore engineering ships for non-oil and gas development purposes will account for the majority of orders for a certain period to come.

In respect of the logistics services business, in the second half of 2018, the trade war between the US and China will continue to escalate, and the anti-trust, anti-subsidy and anti-dumping investigations launched by the Trump administration against China will have an impact on the import and export business, while uncertainties for foreign trade and the import and export business still loom large. However, with national policies in favour of the import and export business, including tariff cuts and customs clearance integration being launched in succession, and proactive promotion of multimodal transport and railway reform, the logistics business embraces good development opportunities. Meanwhile, the rise of the middle class also boost the demand for cross-border e-commerce year by year, and modern service industry such as cross-border logistics is expected to become a new economic driver.

In respect of the heavy truck business, in the second half of 2018, the heavy truck market is expected to enter low-season from a relative standpoint. The demand for construction vehicles, which was strongly boosted by construction commencements remaining at high levels in the first half of the year, is expected to decrease in the second half of the year due to slower growth in existing infrastructure and real estate investment. In addition, the demand for logistics vehicles arising from road freight transportation is also expected to fall. Despite that the heavy truck market was strong in the first half of the year, some of the favourable factors will no longer exist in the second half of the year. As a result, the heavy truck market in the second half of the year is not likely to continue its strong momentum of high growth as in the first half of the year. Even so, it is expected that total sales of heavy trucks market for 2018 will still surpass 1,000,000 units.

In respect of the airport facilities equipment business, in the second half of 2018, the global airport business is expected to grow steadily, and it is expected that the boarding bridge and peripheral business and the GSE business will benefit as the Ministry of Defense opens up more airspace. The fire and rescue equipment business will also grow steadily as there is a visible trend in merger integrations in the global fire and safety industry, with lifting and special use vehicles as the main profitable points of interests. The automated logistics business will continue to grow with further improvements in smart technology applications. The garage business is favorably backed by policy support. In respect of policies promulgated in pilot cities, it is evident that proposals to develop multistorey parking will be feasible and effective. In addition, the level of smart applications in various industries has also been gradually improving. The garage business is expected to make a major breakthrough in the second half of the year. It is expected that the newly expanded three-dimensional bus garage business will usher in a brand new market.

In respect of the industrial city development business, in the second half of 2018, the Group's industrial city development business will focus further on enhancing and building its capabilities in business procurement, operation and asset management of industrial parks. Meanwhile, the Group will realise an optimal mix of asset-light and asset-heavy businesses for its industrial city integrated development projects. The Group will actively drive the expansion and implementation of its asset-light projects, improve operation and service capabilities as well as expand the management scale of industrial parks.

In respect of the financial business, in the second half of 2018, numerous external uncertainties will still persist, including the ongoing trade disputes between the US and China and more interest rate hikes by the Federal Reserve. The domestic economy will face increased downward pressure, while more volatile fluctuations in market interest rates and exchange rates may be possible. With the dual emphasis on financial deleveraging and regulation, opportunities come with challenges for domestic financial leasing enterprises. On the one hand, they will be confronted with operating

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pressure and challenges in terms of funds and assets; on the other hand, they will focus back on the leasing business, be more down-to-earth in industrial operations, change their development model and improve the quality of development. By realising the integration of capital and equipment, they will create competitive advantages through professionalism in leased properties and product differentiation.

3. Overall Operation Targets and Initiatives for Main Business Segments

In the second half of 2018, centering on intelligent manufacturing and intelligent logistics, the Group will keep insisting on implementing the strategy of “Manufacturing + Service + Finance”, continue to carry out business transformation and upgrading and extend its manufacturing business to the service sector based on customer demand, thus providing a comprehensive solution that covers the entire life cycle of its products. The Group will continue to enhance its global operation capabilities, optimise its business and assets, and speed up industry clusters to cultivate its advantages on industrial chains. Innovations will be constantly made in technology upgrading, business model and management mechanism, in which related risks will be controlled. The Group will strive to capture the opportunities brought by market changes and expand its coverage on emerging industries and innovative businesses to achieve sustained quality growth.

In respect of the container manufacturing business, in the second half of 2018, for the mature container business, the Group will carry out innovative upgrade, structural adjustment and connotative optimisation, the Group will continue to reshape its core competitiveness in the container manufacturing business, strengthen and enhance its leading position in the container manufacturing industry. The Group will also proactively seize the opportunity in market fluctuations by strengthening production, supply and sales chains. The Group will further accelerate the upgrading and transformation of production lines for containers through intelligent manufacture upgrading projects, and commence the construction of the segment joint finance

center and joint procurement center to enhance its business management capabilities based on the ERP project and the electronic procurement platform project. By optimising and improving the key employee incentive scheme, the Group will be able to effectively induce key employees’ motivation and creativity. In respect of new business expansion, the Group will continue to quicken its pace of land commercialisation, establish a model combining industrial fund investment and equity direct investment through collaborations, and actively explore and develop related business areas, such as cold chain equipment and logistics equipment.

In respect of the road transportation vehicle business, in the second half of 2018, the Group’s subsidiary CIMC Vehicle (Group) will continue to carry out the advanced business philosophy of “Global Operation 2.0”, actively promote the realisation of production line upgrade and its operation and shore up effectiveness with efficiency. To realise quality growth, the Group will launch a “comprehensive transformation of the organisation”, encourage the establishment of an “agile business team”, as well as building global supply chain to fortify its local competencies. In domestic market, the Group will identify popular products and compete in the market through differentiated sales. In respect of the North American market, it will actively address the risks resulted from changes in trading environment, draw on the low manufacturing cost in China, enhance the overall quality of supply chain and realise manufacturing vehicles in the US. In emerging markets, the Group will put emphasis on exploring and cultivating key markets.

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In respect of the energy, chemical and liquid food equipment business, in the second half of 2018, CIMC Enric will continue to adhere to the course of its core business of “equipment manufacturing + construction service + comprehensive solutions” and actively work with state policies to expand market share. CIMC Enric’s energy equipment and construction business will actively deploy its operation in the upstream, mid-stream and downstream of the industry chain and focus on constructing unconventional natural gas processing, LNG receiving terminal stations, city peak reserve, LNG tank container multimodal transport and other solutions. In terms of the chemical equipment business, under the premise of consolidating its leading position in the standard tank container market, CIMC Enric will vigorously expand the application scope of special tank containers, and attempt to enter the circular economy of solid waste. In terms of the liquid food equipment and construction business, CIMC Enric will utilise advantages in core technologies and EPC general contracting to expand the global market and the non-beer food equipment and engineering business development through all dimensions of the beer industry chain and liquid food business.

In respect of the offshore engineering business, in the second half of 2018, the Group will continue to actively carry out business transformation and distribution of the offshore engineering business by focusing on the oil and gas industries and expanding into a diversity of relevant businesses. The Group plans to implement three key measures: (1) de-stocking: pursuing leasing and disposal of idle assets; (2) structure adjustment: focusing on the offshore business, pursuing product diversification and developing new strengths by expanding into new business; (3) management upgrade: carrying out lean management of offshore engineering business by adopting high benchmarks in vessels and offshore engineering.

In respect of the logistics services business, in the second half of 2018, confronted with changing domestic and foreign market conditions, the logistics segment will further focus on its strategies and optimise its structure under the principle of “Strategic focus, succession and upgrade, coordination and development and progressing with small steps”. The Group will actively promote the optimisation of segment structure and strengthening of the core team. Based on China’s “Belt and Road” initiative, and through acquiring core resources and working with its strategic partners, the Group will be able to quickly complete its plans. The Group will also facilitate innovative businesses such as cross-border logistics. By promoting business digitalisation and the development of an information platform, business operation can be enhanced. The Group will strengthen risk prevention, improve comprehensive logistics solutions and strive to be a world-renowned logistics brand.

In respect of the heavy truck business, in the second half of 2018, C&C Trucks will continue to carry out its work by centering on the operational principles of “market-oriented, efficiency first, risk management, management standardisation and integrity-centric”. (1) In terms of sales, the Group will fully draw on its market network and efficiently develop the market, and continue to introduce qualified distributors to improve the profitability of each of the stores. The Group aims to secure financial resources on competitive terms and extend the mode of sale for mixer trucks where co-ordinated efforts from other members of the Group will be involved. (2) In terms of products, the Group will focus on the market with clear targets, create flagship products and enhance its product competitiveness. The Group will also adapt a comprehensive strategic layout of its NG (fueled by natural gas) products, focus on building new energy electric trucks and prepare for the upgrade of new national emission standards (China VI),

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strengthen the quality control of manufacturing process and improve the quality of its products. (3) In respect of services, the Group will raise the response efficiency of its terminal service and carry out in-depth promotion on its on-schedule delivery service to boost sales. (4) In respect of internal management, the Group will seek to enhance its turnover efficiency of current assets, build a fast-response implementation mechanism as well as a talent pool that suits our development and comprehensively improve our employees' capabilities. C&C Trucks will aim to promote the core SBU management and control models.

In respect of the airport facilities equipment business, in the second half of 2018, the Group, building on its effort to consolidate the airport facilities equipment business, will capitalise on two major drivers, automation and urbanisation, and focus on developing the fire and rescue business, further extending the application range of its automated logistics business. For example, the Group will enhance its boarding bridge layout in America and improve its general contracting and integrating capabilities. GSE product lines will be further improved through business acquisition when opportunity arises. The Group will continue to seek strategic mergers and acquisitions opportunities for the fire and rescue business, while taking forward its business plans and pursue synergistic integration, in order to realise the enhancement of both business scale and efficiency. The Group put into practice the strategic ideas inspired by the Going Global strategy encouraged by the state, and further introduce foreign quality skills and facilities into the domestic market. The Group will further enhance its aerial lift capabilities by focusing on construction demand driven by urbanisation. The Group will strengthen manufacturing levels of automated logistics to improve delivery ability and be kept aware of advanced technologies. The Group will further accelerate the implementation of the multi-storey parking complex. Meanwhile, the Group will further enhance the human resource system, improving team professional levels and continue to strengthen its risk control. Moreover, the Group will also expand its market presence and boost interaction in Chinese-European and Chinese-US markets on the basis of acquisition and integration.

In respect of the industrial city development business, in the second half of 2018, the Group will follow its plan to enhance development and implementation of new projects for integrated development of industrial cities, push forward effective implementation of major projects in Qianhai and Shanghai and establish foundation for the future development of industrial cities; while further enhancing the implementation of new projects of integrated development of industrial cities, actively push forward implementation of the "three districts and one alley" project in Jiangdu District, Yangzhou and the cold chain technology industrial park project in Jiaozhou and the development of various projects.

In respect of the financial business, in the second half of 2018, CIMC Financial Leasing Company will continue to deepen the coordination of industry and finance, actively explore the operating model of professional subsidiaries, strive to promote the development of business professionalisation, further optimise business distribution, optimise customer portfolio, innovate business mode, enhance the quality of its assets, continue to deepen its comprehensive risk and management system, gradually develop a diversified financing system and financing capability, strengthen the efficiency and service of middle and back office operations, improve the standard of digital management and realise sustainable development. By continuing to be based on the operating theme of "Service, Sharing, Innovation, and Leaping", and adhering to its principle of serving the people, CIMC Finance Company will comprehensively improve its financial service abilities, 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.

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4. Major Risk Factors in the Future Development of the Group

Risk of economic periodic fluctuations: the industries that the principal business of the Group is engaged in are dependent on global and domestic economic performance and often vary with economic periodical changes. In recent years, the global economy has become increasingly complex with increasing uncertainty 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 demand higher requirements on the Group's operating and management capabilities.

Risk of economic restructuring and industry policy upgrade in China: China's economy entered into the new normal and the government comprehensively deepened supply-side structural reform to push forward the transformation and upgrade of economic structure. New industrial policies, tax policies, environmental protection policies and land policies, etc. with very material impact on business operations are being constantly launched. The main businesses of the Group, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years.

Risk of trade protectionism and anti-globalisation: anti-globalisation trend such as trade protectionism measures implemented by the US will bring more uncertainties to global trade recovery and threats to global economic growth. With the publication of the tax-free list and the implementation of tariff hike, the market demand of part of the Group's products exported to the US could be negatively affected to a certain extent.

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. During the process of promoting Renminbi internationalisation, and under the backdrop of constant volatility in the global financial market, the exchange rate of RMB against USD will fluctuate with increased frequency and volatility, thus making it more difficult for the Group to manage its foreign currencies and capitals.

Market competition risks: the Group faces competition from both domestic and foreign enterprises in respect of its various principal businesses. In particular, a weak demand or relative overcapacity will lead to imbalance between supply and demand, which will cause intensified competition in the industry. In addition, the competition pattern of the industry may change due to entry of new players or improved capacity of existing competitors.

Employment and environmental protection pressure and risks: with demographic changes in China and gradual loss of demographic dividend, labour costs in China's manufacturing industries have been continuously rising. Automation represented by robots is becoming one of the key directions for future upgrading of the traditional manufacturing industries. In addition, China has been attaching increasing attention on environmental protection and carrying out sustainable development strategies, strengthening environmental protection requirements for China's traditional manufacturing industries.

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I. BUSINESS OVERVIEW

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

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

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

1. Significant Changes in the Main Assets

During the Reporting Period, there were no significant changes in the main assets of the Group.

2. Main Overseas Assets

Applicable Not applicable

(III) Analysis of Core Competitive Advantages

Strategic Positioning of “Manufacturing + Service + Finance”

The Group has formed an industrial pattern spanning both logistics and energy sectors, established major business segments with industry leading position and good prospects, and will continue to explore and deploy in emerging industries which help to give full play to the Group’s advantages. While reinforcing its edge in traditional industries, the Group promoted a customer demand-oriented business expansion from manufacturing to incorporate service, offered comprehensive solutions covering the entire life cycle of a product, and will continue to adhere to the the strategic positioning and industrial ecosystem of “manufacturing + service + finance”, closely focusing on intelligent manufacturing and intelligent logistics to advance business transformation and upgrade.

Development Philosophies of Business Diversification and Globalisation

The Group has always been committed to reasonable business diversification and globalised deployment. The Group’s existing principal businesses cover container manufacturing business, road transportation vehicle business, energy, chemical and liquid food equipment business, offshore engineering business, logistics service business, heavy truck business, airport facilities equipment business, industrial city development, financial business, and other emerging industries, with its production bases spreading across Asia, Europe, North America and Australia, and its business network spanning major countries and regions around the world. In particular, the container business continued to take the lead in the industry worldwide, as well as road transportation vehicles, energy and chemical equipment and offshore engineering businesses with strong competitive edges. The efficient implementation of business diversification and globalised deployment effectively offset the adverse impact from periodic fluctuations of the global market in recent years on the Group’s results.

A Standardised and Effective Corporate Governance System

The Group has developed a set of effective governance models covering business philosophy, governance structure and management mechanism. A standardised and effective corporate governance structure is the institutional safeguard of the Group’s sustainable and healthy development. Since 2010, the Group has launched the strategic upgrade campaign of “building an empowering platform for sustainable and healthy development of CIMC”. According to the organisational transformation direction of “layering management”, the Group has established a three-tier management model comprising the executive committee, special committees and the Board as well as a 5S core management process, introduced and actively pushed forward the lean management system to the entire Group, firmly enhanced the implementation progress of regulation compliance in all levels of organisation of the Group and the accountability system on officers. As a result, the Group has established a new management system which ensures sustainable and healthy development of its businesses in the future.

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Lean Manufacturing Management Capabilities

With the accumulation of large-scale, serialised and standardised management experience and capabilities in the area of container manufacturing over the years and its continuous improvements and upgrades, currently, the Group introduces the lean management concept to the whole Group, and brings into full play of such core capabilities as highly efficient, safe, green and lean production and manufacturing technologies and process management represented by the ONE model and QHSE across its business segments to realise the goal of continuous improvement.

Integrated Resources and Ability to Achieve Collaborative Development

In several business segments such as the road transportation vehicle, energy, chemical and liquid food equipment and airport facilities equipment, the Group has fully integrated supply chain, production and manufacturing, services and other processes through a series of mergers and acquisitions to secure its leading cost advantage and leadership in the industry. On the basis of existing resources and strengths in manufacturing and operation, the Group cultivates new businesses and industry chains for resource sharing and development synergy. The Group is aiming to capitalise on local strengths and integrate global resources to establish a new business ecosystem.

Technological Research and Development Capabilities and Intellectual Property Rights Protection

The Group always attaches great importance to technological research and development capabilities through: developing mid-to-long term development strategies to optimise R&D systems and platforms and accelerate the development of products and technologies as well as evolution of existing products to promote R&D of new products, technologies, processes and equipment, while constantly improving the mechanism for identifying, inspiring and promoting innovations to speed up the commercialisation of technological achievements; and strengthening protection of intellectual property rights, establishing and improving an all-round effective mechanism for protecting, operating, safeguarding and preventing infringement of intellectual property rights. In addition to a national enterprise technology centre, the Group establishes 26 group-level technology centres, including 5 research institutes and 21 technological sub-centres. To consolidate and improve its business competitive advantages, the Group is implementing technology innovation and upgrade projects such as Longteng (龍騰), Maizhelong (麥哲龍) and Mengliu (夢六) on business segments including container, road transportation vehicle, and energy, chemical and food equipment, respectively, while conducting prompt and efficient deployment of intellectual property rights protection to leading technological innovation achievements in relevant industries, and has applied for 110 invention patents. In doing so, the Group is well-positioned to capitalise on its strong R&D and intellectual property rights protection capabilities to convert its leading technologies into competitive advantages.

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II. OPERATION DISCUSSION AND ANALYSIS

(I) Overview

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

(II) Analysis of Principal Businesses

1. Year-on-year change exceeding 30% in key financial data

Unit: RMB thousand

	As at the end of the Reporting Period (30 June 2018) (unaudited)	As at the end of previous year (31 December 2017) (audited)	Change (%)	Reasons for the change
Advances to suppliers	3,109,220	2,147,721	44.77%	Mainly due to the increase of advances for the procurement of raw materials in the current period.
Contract assets	1,534,133	-	-	Mainly due to implementation of remeasurement under the new revenue standards.
Financial assets at fair value through profit or loss	-	318,534	-	Mainly due to implementation of reclassification under the new accounting standards for financial instruments.
Available-for-sale financial assets	-	441,581	-	Mainly due to implementation of reclassification under the new standards for financial instruments.
Other debt investments	29,620	-	-	Mainly due to implementation of reclassification under the new accounting standards for financial instruments.
Investments in other equity instruments	1,010,240	-	-	Mainly due to implementation of reclassification and remeasurement under the new accounting standards for financial instruments.
Other non-current financial assets	424,154	-	-	Mainly due to implementation of reclassification under the new accounting standards for financial instruments.
Short-term borrowings	21,803,302	15,317,347	42.34%	Mainly due to the increase in financing to satisfy the needs for working capital.

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	As at the end of the Reporting Period (30 June 2018) (unaudited)	As at the end of previous year (31 December 2017) (audited)	Change (%)	Reasons for the change
Derivative financial liabilities	165,647	3,025	5,375.93%	Mainly due to the profit or loss from changes in fair value of derivative financial liabilities.
Advances from customers	–	4,624,088	–	Mainly due to implementation of reclassification under the new revenue standards.
Other current liabilities	1,015,204	595,907	70.36%	Mainly due to the issuance of super & short-term commercial papers in the current period.
Other equity instruments	–	2,033,043	–	Mainly due to repayment of perpetual bonds issued in 2015.
Other comprehensive income	453,021	219,303	106.57%	Mainly due to implementation of remeasurement under the new accounting standards for financial instruments.

	The Reporting Period (January to June 2018) (unaudited)	Same period in 2016 (January to June 2017) (unaudited)	Change (%)	Reasons for the change
Credit impairment losses	74,812	229,749	(67.44%)	Mainly due to the further impairment for receivables from SOE in the same period of the previous year.
Investment income	195,771	(10,628)	1,942.03%	Mainly due to the increase in investment income from disposals of long-term equity investments in the current period.

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

Applicable Not applicable

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2. Composition of Principal Businesses during the Reporting Period

Unit: RMB thousand

	Revenue (unaudited)	Cost of sales (unaudited)	Gross profit margin (unaudited)	Changes in revenue from the same period of 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						
Container	16,094,146	14,643,074	9.02%	60.16%	77.40%	(8.84%)
Road transportation vehicle	11,529,461	9,751,530	15.42%	18.62%	22.62%	(2.76%)
Energy, chemical and liquid food equipment	6,185,680	5,078,307	17.90%	22.23%	21.16%	0.73%
Offshore engineering	788,190	887,151	(12.56%)	(35.10%)	(34.16%)	(1.62%)
Airport facilities equipment	1,749,181	1,379,329	21.14%	48.12%	44.43%	2.01%
Logistics service	4,062,616	3,694,974	9.05%	8.30%	9.58%	(1.06%)
Financial business	1,048,934	607,203	42.11%	(8.63%)	21.76%	(14.45%)
Industrial city development	159,955	92,091	42.43%	(46.26%)	(43.22%)	(3.08%)
Heavy truck	1,620,106	1,484,454	8.37%	26.26%	23.04%	2.39%
Others	2,136,588	1,764,740	17.40%	53.25%	50.76%	1.37%
Combined offset	(1,814,459)	(1,830,122)	(0.86%)	(6.00%)	2.09%	8.34%
Total	43,560,398	37,552,731	13.79%	30.47%	37.85%	(4.62%)
By region (by receiver)						
China	19,512,621	–	–	31.89%	–	–
Asia (regions excluding China)	2,936,111	–	–	(13.25%)	–	–
America	13,334,479	–	–	100.66%	–	–
Europe	7,200,593	–	–	(1.91%)	–	–
Others	576,594	–	–	(52.82%)	–	–
Total	43,560,398	–	–	30.47%	–	–

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(III) Analysis of Non-Principal Businesses

√ Applicable □ Not applicable

Unit: RMB thousand

Item	Amount	Proportion in total profit	Explanation on the formation	Sustainable or not
Investment income	195,771	10.70%	Mainly due to the investment income from disposals of long-term equity investments in the current period.	No
Profit or loss from changes in fair value	(44,497)	(2.43%)	Mainly due to the changes in fair value of derivative financial instruments in the current period.	No
Asset impairment losses	9,753	0.53%	Mainly due to the impairment provisions for long-term assets in the current period.	No
Non-operating income	21,893	1.20%	Mainly due to the penalty income and other income in the current period.	No
Non-operating expenses	20,465	1.12%	Mainly due to the compensation, penalty and other expenses in the current period.	No

(IV) Assets and Liabilities

1. Significant Changes in Assets

Unit: RMB thousand

Item	As at the end of the Reporting Period		As at the end of the previous year		Changes from the end of the previous year to the end of the Reporting Period (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Cash at bank and on hand	5,077,690	3.67%	5,596,314	4.28%	(9.27%)	No material change
Notes receivable and accounts receivable	20,100,651	14.54%	17,773,590	13.61%	13.09%	No material change
Inventories	20,027,718	14.48%	19,258,327	14.75%	4.00%	No material change
Investment properties	1,681,270	1.22%	1,679,189	1.29%	0.12%	No material change
Long-term equity investments	2,450,699	1.77%	2,398,495	1.84%	2.18%	No material change
Fixed assets	22,836,076	16.52%	23,088,682	17.68%	(1.09%)	No material change
Construction in progress	23,466,394	16.97%	22,194,585	16.99%	5.73%	No material change
Short-term borrowings	21,803,302	15.77%	15,317,347	11.73%	42.34%	Mainly due to the increase in financing to satisfy the needs for working capital.
Long-term borrowings	24,696,783	17.86%	24,140,168	18.48%	2.31%	No material change

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2. Assets and Liabilities Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB thousand

Item	Amount at the beginning of the Reporting Period	Profit or loss arising from changes in fair value for the Reporting Period	Cumulative changes in fair value recognised in equity	Impairment provision for the Reporting Period	Purchases for the Reporting Period	Sales for the Reporting Period	Amount at the end of the Reporting Period
Financial assets:							
1. Financial assets held for trading	183,303	21,284	-	-	-	-	205,580
2. Derivative financial assets and other non-current financial assets	328,751	96,373	-	-	-	-	431,799
3. Hedging instruments	1,360	-	-	-	-	-	-
4. Available-for-sale financial assets	440,656	-	-	-	-	-	-
5. Other debt investments	-	-	(1,984)	-	-	-	29,620
6. Investments in other equity instruments	-	-	405,020	-	-	-	1,010,240
7. Other current assets	-	-	-	-	-	-	19,000
Sub-total of financial assets	954,070	117,657	403,036	-	-	-	1,696,239
Investment properties	1,679,189	-	-	-	-	-	1,681,270
Total of the above	2,633,259	117,657	403,036	-	-	-	3,377,509
Financial liabilities	(40,832)	(162,154)	(1,586)	-	-	-	(205,048)
Total	2,592,427	(44,497)	401,450	-	-	-	3,172,461

Whether the measurement attributes of the main assets of the Company changed or not during the Reporting Period

□ Yes √ No

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

For details of the restricted asset rights of the Group as at the end of the Reporting Period, please refer to note IV. 27 to "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

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(V) Analysis of Investments during the Reporting Period

1. General Information

Applicable Not applicable

Investment amount in the Reporting Period (RMB'000)	Investment amount in the same period of the previous year (RMB'000)	Change
300,539	163,229	84.12%

2. Material Equity Investments during the Reporting Period

Applicable Not applicable

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

Applicable Not applicable

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4. Financial Asset Investments

(1) Securities Investments

√ Applicable □ Not applicable

Unit: RMB thousand

Securities	Stock code	Abbreviation of stock name	Initial investment cost	Modes of accounting measurement	Book value at the beginning of the period	Profit or loss arising from changes in fair value during the current period	Cumulative changes in fair value recognised in equity	Purchases for the current period	Sales for the current period	Profit or loss during the Reporting Period	Book value at the end of the period	Classification in accounting	Source of funds
H Shares	6198	Qingdao Port	128,589	Fair value	177,020	21,089	-	-	-	-	200,350	Financial assets held for trading	Self-owned funds
H Shares	368	Sinotrans Ship H	20,742	Fair value	4,985	195	-	-	-	-	5,230	Financial assets held for trading	Self-owned funds
Other securities investments held at the end of the period			-		1,298	-	-	-	1,317	31	-		
Total			149,331		183,303	21,284	-	-	1,317	31	205,580		
Announcement date of the Board approving securities investments			Nil										
Announcement date of the general meeting approving securities investments (if any)			Nil										

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(2) Derivatives Investments

√ Applicable □ Not applicable

Unit: RMB thousand

Name of the derivatives investment operator	Relationship with the Group	Connected transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the period	Amount acquired during the Reporting Period	Amount sold during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the period	Proportion of Investment amount at the end of the period to net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
HSBC, Standard Chartered and other banks	Nil	No	Foreign exchange forward contract	-	2017/9/20	2019/12/16	314,821	-	-	-	3,842,657	12.53%	(110,185)
HSBC, Standard Chartered and other banks	Nil	No	Foreign exchange option contract	-	2017/12/18	2019/5/27	270,588	-	-	-	1,717,075	5.60%	(54,871)
China Construction Bank, Deutsche Bank and other banks	Nil	No	Interest rate swap contract	-	2011/1/6	2021/6/28	9,491,309	-	-	-	11,913,573	38.85%	97,924
ING	Nil	No	Currency swap contract	-	2017/8/3	2018/6/29	65,359	-	-	-	-	-	1,351
Total				-			10,142,077	-	-	-	17,473,305	56.98%	(65,781)

Source of funds for derivatives investments

Self-owned funds

Litigation case (if applicable)

Not applicable

Disclosure date of approval of derivatives investment at a Board meeting (if any)

Nil

Disclosure date of approval of derivatives investment at a shareholders' meeting (if any)

Nil

Risk analysis regarding positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operation risk and legal risk etc.)

As at 30 June 2018, the derivative financial instruments held by the Group were mainly foreign exchange forward contracts, interest rate swap contracts, foreign exchange option contracts. The risks of interest rate swap contracts were closely related to the fluctuations of interest rate. The risks carried by foreign exchange forwards were connected with the market risks relating to exchange rates and the Group's cash flow certainty of foreign currency revenues in the future. The Group's control measures on the derivative financial instruments were mainly reflected in: making prudent selection and determination on the type and quantity of newly-added derivative financial instruments; as for derivatives transactions, the Group formulated rigorous internal approval systems and business operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks.

Changes in market prices or product fair values of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of fair values of derivatives

From January to June 2018, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB(65,781) million. Fair values of the derivative financial instruments of the Group were determined based on market prices of external financial institutions.

Explanations of any significant changes in the Company's accounting policies and specific accounting principles on derivatives between the Reporting Period and the last reporting period

No

Specific opinions of independent Directors on the derivatives investments and risk controls of the Company

The Company invested in exchange rate derivatives for the purpose of the day-to-day international business operations of the Company in order to smooth or lower the uncertainty impact of the operations of the Company due to the change in exchange rates and interest rates while adhering to the fundamental principle of value-preserving and prohibiting speculative transaction. The Company has attached great importance and continuously enhanced the management of exchange rate derivative transactions as well as developed and continuously improved relevant management systems. The relevant approval process is compliant with the requirements of the laws and regulations and the Articles of Association and without prejudice to the interests of the Company and the shareholders, in particular, the minority shareholders.

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

(VI) Disposal of Substantial Assets and Equity Interests

1. Disposal of Substantial Assets

Applicable Not applicable

2. Disposal of Substantial Equity Interests

Applicable Not applicable

(VII) Analysis of Principal Subsidiaries and Associates

Applicable Not applicable

Details on acquiring and disposing subsidiaries during the Reporting Period

Applicable Not applicable

Details on the principal subsidiaries

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

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

Applicable Not applicable

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(VIII) Structured Body Controlled by the Company

Applicable Not applicable

(IX) Forecast on the Operating Results for the Period from January to September 2018

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

Applicable Not applicable

(X) Risk Exposures of the Company and Responsive Initiatives

Please refer to the relevant information contained in sections "3. Overall Operation Targets and Initiatives for Main Business Segments" and "4. Main Risk Factors for Future Development of the Group" of "III. Outlook for Future Development" under "Chapter III Report of the Board" of this Report for the details of risk exposures of the Company and responsive initiatives.

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(XI) Reception of Research, Communications and Interviews

√ Applicable □ Not applicable

Date of reception	Mode of reception	Type of party received	Brief description on research
16 January 2018	Field research	China Merchants Securities	Principal business conditions, investment progress, recent industrial developments and industry outlook
23 January 2018	Field research	Huajin Securities	Same as above
29 January 2018	Field research	Huatai Securities, Foresea Life Insurance, Shen Zhou Mu Fund, Spruces Capital and Shineway Capital	Same as above
31 January 2018	Telephone conference	Zhongtai Securities	Same as above
6 February 2018	Field research	Changjiang Securities	Same as above
7 February 2018	Field research	Haitong Securities and China AMC	Same as above
5 March 2018	Telephone conference	Value Partner	Same as above
28 March 2018	Results announcement press conference	China Merchants Securities, Huatai Securities, CITIC Securities, Haitong Securities, Tencent Securities, CICC, Founder Securities, New Times Securities, Soochow Securities, Huajin Securities, Guosen Securities, Shenwan Hongyuan, Pacific Securities, Hua Chuang Securities, Sinolink Securities, Everbright Securities, Spruces Capital, Penghua Fund, GF Securities, Changjiang Securities and China AMC	2017 annual results
29 March 2018	Telephone conference	Essence Securities and other organisations	2017 annual results
17 May 2018	Telephone conference	Cinda Securities	Principal business conditions, investment progress, recent industrial developments and industry outlook
25 June 2018	Telephone conference	Black Rock Asset Management	Same as above

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

The following contents are the financial resource review prepared in accordance with the relevant provisions of the Hong Kong Listing Rules. The following discussion and analysis shall be read together with other chapters and the 2018 Interim Financial Report (unaudited) of the Group set out in this Report.

CHANGES IN ACCOUNTING POLICIES FOR THE REPORTING PERIOD

For details of the changes in accounting policies of the Group during the Reporting Period, please refer to note II. 32 of “Chapter IX 2018 Interim Financial Report (Unaudited)” in this Report.

CONSOLIDATED OPERATING RESULTS

During the Reporting Period, the Group recorded revenue of RMB43,560.398 million (same period in 2017: RMB33,387.152 million), representing a year-on-year increase of 30.47%, and profit attributable to shareholders and other equity holders of the Company of RMB965.397 million (same period in 2017: RMB796.898 million), representing a year-on-year increase of 21.14%. For details, please refer to relevant information set out in the chapters headed “Chapter II Summary of Accounting Data and Financial Indicators” and “II. Review of Principal Businesses during the Reporting Period” under “Chapter III Report of the Board” in this Report.

SEGMENT INFORMATION

For details of the segment information of the Group during the Reporting Period, please refer to “II. Review of Principal Businesses during the Reporting Period” under “Chapter III Report of the Board” and note XIII of “Chapter IX 2018 Interim Financial Report (Unaudited)” in this Report.

GROSS PROFIT MARGIN AND PROFITABILITY

During the Reporting Period, the gross profit margin of the Group was 13.79% (same period in 2017: 18.41%), representing a year-on-year decrease of 4.62%. Among the principal businesses, the gross profit margin of the energy, chemical and liquid food equipment, airport facilities equipment and heavy truck businesses increased, and the gross profit margin of the remaining segments remained basically stable or slightly decreased as compared with the same period of the previous year. For details, please refer to “2. Composition of Principal Businesses during the Reporting Period” of “(II) Analysis of Principal Businesses” of “II. Operation Discussion and Analysis” of “IV. Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules” in this Report.

NON-OPERATING INCOME

During the Reporting Period, the Group’s non-operating income amounted to RMB21.893 million (same period in 2017: RMB53.216 million), representing a year-on-year decrease of 58.86%. For details, please refer to note IV. 60 of “Chapter IX 2018 Interim Financial Report (Unaudited)” in this Report.

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TAX EXPENSE

During the Reporting Period, the income tax expenses of the Group amounted to RMB513.854 million (same period in 2017: RMB509.633 million), representing a year-on-year increase of 0.83%. For details, please refer to note IV. 62 of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

TECHNOLOGY DEVELOPMENT COSTS

During the Reporting Period, the technology development costs of the Group were RMB327.229 million (same period in 2017: RMB288.459 million), representing a year-on-year increase of 13.44%, which was mainly due to the increase in investment in technology R&D. For details, please refer to note IV. 52 of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

MINORITY PROFIT OR LOSS

During the Reporting Period, the Group's minority profit or loss was RMB350.560 million (same period in 2017: RMB269.611 million).

LIQUIDITY AND FINANCIAL RESOURCES

The Group's cash at bank and on hand primarily consist of cash and bank deposits. As at 30 June 2018, the Group's cash at bank and on hand amounted to RMB5,077.690 million (31 December 2017: RMB5,596.314 million), representing a decrease of 9.27% as compared with the end of the previous year. For details, please refer to note IV. 1 and note XIV. 1 (a) of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report. 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 business development.

During the Reporting Period, the Group recorded net cash flows from operating activities of RMB(856.239) million (same period in 2017: RMB(668.216) million), net cash flows from investing activities of RMB(2,277.508) million (same period in 2017: RMB(1,507.729) million) and net cash flows from financing activities of RMB2,745.243 million (same period in 2017: RMB1,875.660 million). At the end of the Reporting Period, the balance of cash and cash equivalents held by the Group amounted to RMB4,643.026 million.

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BANK LOANS AND OTHER BORROWINGS

As at 30 June 2018, the Group's short-term borrowings, long-term borrowings, debentures payable and other current liabilities (issuance of super & short-term commercial papers) in aggregate amounted to RMB58,794.323 million (31 December 2017: RMB52,014.876 million). Details are set out in notes IV. 28, IV. 34, IV. 35, IV. 36 and IV. 37 of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

Unit: RMB thousand

	As at 30 June 2018 (unaudited)	As at 31 December 2017 (audited)
Short-term borrowings	21,803,302	15,317,347
Non-current borrowings due within one year	3,307,738	3,982,626
Long-term borrowings	24,696,783	24,140,168
Debentures payable	7,986,500	7,986,500
Other current liabilities	1,000,000	588,235
Total	58,794,323	52,014,876

In the first half of 2018, the net bank loans appropriated by the Group amounted to RMB5,911.304 million (same period in 2017: RMB2,798.256 million), representing a year-on-year increase of 111.25%. The Group's bank borrowings are mainly denominated in US dollars, with the interest payments computed using fixed rates and floating rates. As at the end of the Reporting Period, the Group's fixed-rate bank borrowings amounted to approximately RMB13,421.766 million (31 December 2017: RMB8,728.021 million). As at the end of the Reporting Period, the long-term borrowings were mainly due within five years. For details, please refer to note IV. 36 of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

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CAPITAL STRUCTURE

The Group's capital structure consists of equity interest attributable to shareholders' equity interest and liabilities. As at 30 June 2018, the Group's equity interest attributable to shareholders amounted to RMB41,646.041 million (31 December 2017: RMB43,237.434 million) in aggregate, total liabilities amounted to RMB96,622.318 million (31 December 2017: RMB87,366.945 million) and total assets amounted to RMB138,268.359 million (31 December 2017: RMB130,604.379 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 69.88% (31 December 2017: 66.89%), representing an increase of 2.99% as compared with the end of the previous year. (Calculation method of the gearing ratio: based on the Group's total liabilities divided by our total assets as at the respective dates.)

FOREIGN EXCHANGE RISK AND RELEVANT HEDGE

The major currency of the Group's business revenue is US 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 for currencies, the Group is exposed to potential foreign exchange risk arising from the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and its financial condition. The management of the Group has closely monitored its foreign exchange risk and taken appropriate measures to avoid foreign exchange risk. For details of the foreign exchange risk and relevant hedging contracts held by the Group during the Reporting Period, please refer to note IV. 3, IV. 16 and IV. 41 of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

INTEREST RATE RISK

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

The Group's interest rate risks mainly arise from long-term interest-bearing debts including long-term bank borrowings and debentures payable. Financial liabilities issued at floating interest rates expose the Group to interest rate risk of cash flow while financial liabilities issued at fixed interest rates expose the Group to interest rate risk of fair value. The Group determines the proportion of contracts of fixed interest rate and floating interest rate depending on the then prevailing market conditions. As at 30 June 2018, the Group's long-term interest-bearing debts are mainly comprised of contracts of floating interest rate denominated in RMB amounting to RMB21,466.710 million (31 December 2017: RMB20,611.021 million).

Interest rate level of the Group is monitored on an ongoing basis. Any increase in interest rates will lead to an increase in the cost of additional interest-bearing debts and the interest expenses of outstanding interest-bearing debts with floating interest rates, and therefore have a material adverse impact on the Group's financial performance. Management will make timely adjustments according to latest market conditions, which may include entering into interest rate swap agreements to mitigate its exposure to interest rate risks. The Group did not enter into any interest rate swap agreements from January to June 2018 and 2017.

As at 30 June 2018, if the interest rates of borrowings with floating interest rates increased or decreased by 50 basis points with all other variables held constant, the Group's net profit will decrease or increase by RMB26.833 million (31 December 2017: RMB25.764 million).

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CREDIT RISK

The Group's exposure to credit risk is mainly generated from cash at bank and on hand, notes receivable and accounts receivable, other receivables, contract assets, debt investment, other debt investment and financial guarantee contracts as well as the debt instrument and derivative financial assets at fair value through profit or loss, which are not included in the impairment assessment. At each balance sheet date, the carrying amounts of the financial assets of the Group represents its maximum exposure to credit risk; the highest amount payable of the maximum exposure to credit risk of off-balance sheet to perform the financial guarantee is RMB2,650,140,000.

The cash at bank and on hand of the Group are mainly bank deposits held with well-known state-owned banks and other mid-large sized listed banks with higher credit ratings. The Group does not foresee any significant credit risks from these deposits and will not likely cause significant losses due to the default of these banks.

In addition, in respect of notes receivables and accounts receivables, other receivables and contract assets, the Group has established a relevant policy to control the exposure to credit risk. The Group assesses the credit quality and sets corresponding credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as prevailing market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with poor credit history, the Group will use written payment reminders, reducing or canceling credit periods, to ensure the overall credit risk of the Group is within a controllable range.

As at 30 June 2018, the Group has no significant guarantees held as collateral and other credit enhancements.

PLEDGE OF ASSETS

As at 30 June 2018, the restricted assets of the Group amounted to RMB9,385.505 million in total (31 December 2017: RMB9,815.725 million), representing a decrease of 4.38% as compared with the end of the previous year. For details, please refer to note IV. 27 of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

CAPITAL COMMITMENTS

As at 30 June 2018, the Group had capital expenditure commitments of approximately RMB278.844 million (31 December 2017: RMB142.718 million), representing an increase of 95.38% as compared with the end of the previous year, which were mainly used as fixed assets purchase contracts entered into but not performed or performed partially. For details, please refer to note XI. 1. (1) of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

CONTINGENT LIABILITY

As at 30 June 2018, the Group had contingent liabilities of approximately RMB127.218 million (31 December 2017: RMB125.286 million). For details, please refer to note X. 1 of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

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

During the Reporting Period, the Group did not make any significant investment and had no major acquisitions and disposals relating to subsidiaries and associated companies. For information on the major subsidiaries of the Group, please refer to note VI. 1 of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

FUTURE PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCES OF FUNDING

For the investment plan of the principal businesses of the Group in the second half of the year, please refer to "3. Overall Operation Targets and Initiatives for Main Business Segments" of "III. Future Development and Outlook" under "Chapter III Report of the Board" in this Report. The operating and capital expenditures of the Group are mainly financed by our own funds 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.

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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 2018 was approximately RMB9,100 million, among which approximately RMB1,260 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. In the second half of the year, the Group will continue to consider various forms of financing arrangements.

On 8 April 2016, as considered and approved by the 3rd meeting in 2016 of the seventh session of the Board of the Company, the Company proposed to issue no more than 386,263,593 new A Shares (including 386,263,593 shares) at no less than RMB13.86 per share to no more than 10 qualified investors including domestic institutional investors and individual investors that meet the relevant requirements and conditions, with gross proceeds not exceeding RMB6.0 billion (hereinafter referred to as the "Non-public Issuance of A Shares"). The Non-public Issuance of A Shares was considered and approved at the 2015 annual general meeting, the first 2016 A Shareholders' class meeting and the first 2016 H Shareholders' class meeting of the Company on 31 May 2016. On 9 March 2018, as it has been almost two years since the Company released the announcement in relation to the proposal of the Non-public Offering of A Shares, a number of changes took place in the capital market, industry environment and relevant policies while part of the investment items under the original investment project financed by fundraising has been substantially completed. After repeated studies and discussions with the relevant intermediaries, and upon consideration and approval at the 4th meeting in 2018 of the eighth session of the Board of the Company, the Company has determined to terminate the Non-public Issuance of A Shares and apply to the CSRC for the withdrawal of relevant application documents. As at the date of the report, CSRC has approved the Company's application for termination of review. On 23 March 2018, the Company received the "Notice in Relation to

Termination of Review*" ([2018] No.119) (《終止審查通知書》([2018]199號)) by the CSRC, approving the termination of review on the Non-public Issuance of A Shares. For details, please refer to "II. Issue and Listing of Securities" under "Chapter VII Changes in Shareholdings and Information on Substantial Shareholders" in this Report. As at the end of the Reporting Period, the Non-public Offering of A Shares was terminated.

On 12 March 2018, as considered and approved by the 5th meeting in 2018 of the eighth session of the Board of the Company, the Company proposed to issue the Overseas-listed Foreign Share(s) (i.e. H Share(s)) pursuant to the "Resolution on Granting the Board a General Mandate to Issue Shares" considered and approved at the 2016 general meeting convened on 9 June 2017. On 28 August 2018, the Company received the Approval on the Issuance of Additional Overseas Listed Foreign Shares by China International Marine Containers (Group) Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1390) (《關於核准中國國際海運集裝箱(集團)股份有限公司增發境外上市外資股的批覆》(證監許可[2018]1390號)) issued by the CSRC, the contents of which are as follows: the CSRC approves the issuance of no more than 343,315,321 additional overseas listed foreign shares, all of which being ordinary shares, with a nominal value of RMB1 per share by the Company. The Company shall facilitate subsequent issuance work in accordance with laws and regulations as well as the requirements of the approved documents, and shall perform its information disclosure obligation in a timely manner in accordance with the progress of relevant matters.

USE OF RAISED 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 HKD13.48 per H Share, and the proceeds raised were HKD3,856,575,428 (equivalent to RMB3,227,639,131) which were used to replenish the Group's working capital. As at 30 June 2018, the proceeds raised of HKD3,856,575,428 (equivalent to RMB3,227,639,131) have been actually used by the Company. The proceeds raised of HKD0 (equivalent to RMB0) have not been used. The proceeds raised have been fully used to supplement the working capital of the Group.

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EMPLOYEES, TRAINING AND SHARE OPTION INCENTIVE SCHEME

As at 30 June 2018, the Group had 51,130 employees in total (the end of the same period in 2017: 50,810) 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 RMB3,662.658 million (same period in 2017: RMB3,216.847 million), representing a year-on-year increase of 13.86%.

The Company has built a multi-level and composite talent training system with its core human resources philosophy of "people-oriented and mutual business", including: new employees training, general skills training, professional training, leadership training programme and international talent training programme. The Group provides salary and bonus payment as incentives to its employees based on their performance, qualification, experience and market earnings. For details of the A Share(s) Share Option Incentive Scheme adopted by the Company, please refer to "XII. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" under "Chapter VI Significant Events" in this Report. 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 2018 shall be distributed, no bonus shall be issued, and no share shall be converted from reserves into share capital (same period in 2017: Nil).

SOCIAL RESPONSIBILITIES

During the Reporting Period, the Group maintained a stable and healthy development and constantly performed corporate social responsibilities by making contributions to the economic growth, employment and development of the society. The Company has published the Social Responsibility & Environmental, Social and Governance Report 2017 on the website of the Hong Kong Stock Exchange on 27 March 2018. In the future, the Group will continue to deepen industrial transformation and upgrade. The Group pays attention to quality growth, so as to provide high-quality products and services to its customers, provide more training and rewards to its employees, and create greater value for Shareholders.

EVENTS AFTER THE BALANCE SHEET DATE

For details about the events after the balance sheet date of the Reporting Period, please refer to note XII of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.

DISCLOSURE REQUIRED UNDER THE HONG KONG LISTING RULES

In accordance with paragraph 40 of Appendix 16 of the Hong Kong Listing Rules, the Company confirms that, save as disclosed herein, there has been no material change in the current information regarding the Company from the information disclosed in the 2017 Annual Report of the Company.

Chapter VI Significant Events

I. COMPANY GOVERNANCE AND CORPORATE GOVERNANCE

(I) Company Governance

During the Reporting Period, the Group continued to promote corporate governance and maintained normal operation in strict accordance with laws and regulations of the state and the regulations and documents issued by regulatory authorities including the CSRC, CSRC Shenzhen, the Shenzhen Stock Exchange, SFC and the Hong Kong Stock Exchange. The Group continued to push forward the establishment of a risk control system encompassing three aspects, “company governance, risk control and rules compliance”, building an organisational culture of all employees autonomously engaging in the prevention and control of risk.

During the Reporting Period, the Group focused on key aspects of risks and rules compliance, launched tasks such as major risks compliance rate tests and corporate self-inspection on key risks, and regarded key risks as the focal point of the Group’s annual internal control and internal audit. Meanwhile, the Group strengthened the establishment of risk management and the promotion and training on risk control awareness among core personnel. During the first half of the year, the Group introduced a personnel accountability system and published a performance manual for directors, supervisors and senior management on risk control. During the second half of the year, the Group will publish multiple guidelines and case studies relating to risk control in various business sectors. In addition, carrying out improvements on auditing and enhancing personnel training on risk control will also be key tasks during the second half of the year.

(II) Corporate Governance and Relevant Information

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

The Board of the Company is committed to raising the standard of corporate governance the Group and believes that good corporate governance helps the Group to safeguard the interests of the Shareholders and improve its business performance. The Company has complied with the code provisions under the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules during the Reporting Period, except for slight deviation from the code provisions A.1.1, A.2.7, A.6.7 and E.1.2. The latest corporate governance report of the Company was set out in the Social Responsibility & Environmental, Social and Governance Report 2017. Deviations during the Reporting Period have been disclosed in relevant paragraphs below.

(1) *The Board*

The Board of the Company is elected by the general meeting of the Company through voting and is held accountable to the general meeting. The primary responsibilities of the Board are to provide strategic guidance to the Company, exercise effective supervision over the senior management, ensure that the Company’s interests are protected and are accountable to the Shareholders. As considered and approved at the annual general meeting in 2017 held on 8 June 2018, the Company has amended the the Articles of Association, the full text of which was published on Cninfo website (www.cninfo.com.cn), the website of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company’s website (www.cimc.com) on 9 June 2018.

Chapter VI Significant Events

During the Reporting Period, the Board, comprising 8 Directors, held 9 meetings, of which 1 meeting was held on-site, 8 meetings were held in a way of written review resolutions with 40 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 extraordinary meetings 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 9 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 the future.

(2) Board Committees

During the Reporting Period, 16 meetings were held by the Board Committees with 26 letters of opinions from Board Committees passed.

(3) The Supervisory Committee

During the Reporting Period, 3 meetings of the eighth session of the Supervisory Committee, comprising 3 Supervisors, were held with 10 resolutions reviewed. The Supervisors attended 9 meetings of the Board. The Supervisor Xiong Bo attended the 2017 annual general meeting and the first 2018 extraordinary general meeting.

(4) General meeting

On 9 February 2018, the Company held the first 2018 extraordinary general meeting. On 8 June 2018, the Company held the 2017 annual general meeting. The notice, convening, holding and voting procedures of such meetings were in compliance with the relevant requirements of the Company Law of the People's Republic of China, the Articles of Association and the Hong Kong Listing Rules. As considered and approved at the annual general meeting in 2017, the Company amended the Rules of Procedures for the General Meeting, the full text of which was published on China Securities Journal, Shanghai Securities News and Securities Times and on Cninfo website (www.cninfo.com.cn) on 9 June 2018, and on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.cimc.com).

The independent non-executive Director Mr. Wong Kwai Huen, Albert and Supervisor Mr. Xiong Bo attended the first extraordinary general meeting in 2018. Non-executive Directors Mr. Wang Hong (chairman) and Mr. Liu Chong; executive Director, CEO and President Mr. Mai Boliang; independent non-executive Directors Mr. Pan Chengwei, Mr. Pan Zhengqi and Mr. Wong Kwai Huen, Albert; and Supervisor Mr. Xiong Bo attended the 2017 annual general meeting. Non-executive Directors Mr. Wang Yuhang and Mr. Hu Xianfu failed to attend due to other important affairs.

Chapter VI Significant Events

(5) Updates regarding to deviations from code provisions as set out in the 2017 annual report of the Group

Code provision A.2.7 requires that “The chairman of the Board 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 non-executive Directors Wang Hong (chairman) and the 3 independent non-executive Directors of the Company, which were the chairmen of the audit, remuneration and nomination committees, all attended the general meetings convened during the Reporting Period. The non-executive Directors Wang Yuhang (vice chairman) and Hu Xianfu, the chairman of the risk management committee of the Board, failed to attend the aforesaid general meetings due to other important affairs.

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

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

3. Audit Committee

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

On 23 August 2018, the audit committee reviewed the unaudited 2018 Interim Financial Report of the Group for the six months ended 30 June 2018 and this Report, and agreed to present the same to the Board for consideration and approval.

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

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

Chapter VI Significant Events

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

1. General Meetings Convened during the Reporting Period

Session of meeting	Type of meeting	Proportion of investors' participation	Date	Notice date	Disclosure date	Disclosure index
2017 annual general meeting	Annual general meeting	55.1701%	8 June 2018	23 April 2018	8 June 2018	www.cninfo.com.cn www.hkexnews.hk
2018 first extraordinary general meeting	Extraordinary general meeting	55.2452%	9 February 2018	22 December 2017	9 February 2018	www.cninfo.com.cn www.hkexnews.hk

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

Applicable Not applicable

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

Applicable Not applicable

The Company proposed not to distribute cash dividend, bonus shares or increase share capital by way of transfer from capital reserves for the six months ended 30 June 2018 (same period in 2017: Nil).

Implementation of Profit Distribution of the Company during the Reporting Period

During the Reporting Period, the proposed profit distribution plan for 2017 was passed at the 2017 annual general meeting of the Company on 8 June 2018 in accordance with the relevant requirements of the Articles of Association: the Company to pay a cash dividend of RMB0.27 (inclusive of tax) for every share (2016: RMB0.06 for every share (inclusive of tax)) to Shareholders, which is calculated based on the total share capital of the Company as at the book closure date of dividend distribution for 2017. The Company completed the payment of the final dividend for 2017 on 20 July 2018, and the dividend paid by the Company was RMB806.532 million.

Chapter VI Significant Events

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

√ Applicable □ Not applicable

Commitment	Promisor	Type of commitment	Contents of commitment	Date of commitment	Commitment period	Implementation
Other commitments made to minority shareholders of the Company	The Company	Others	In accordance with the relevant laws and regulations, domestic residents are not eligible to purchase overseas stocks directly, so after the implementation of the plan, domestic residents can only hold or sell its H Shares of the Company which they legally possess due to the change of listing location of shares of the Company; they are not eligible to subscribe for the shares of the Company and other H shares or other overseas stocks, and after the sales of H shares of the Company, the sales income must be timely transferred to the mainland. The Company promises domestic residents that before they are free to purchase overseas stocks, the Company will not finance by means of allotment	2012/8/15	Before domestic residents are free to subscribe for overseas stocks	During the course of performance
Other commitments made to minority shareholders of the Company	The Company	Dividend distribution	Shareholders' bonus return plan (2016 to 2018)	2016/4/8	2016 to 2018	During the course of performance
Whether the commitment is fulfilled in a timely manner or not	Yes					
If the commitment is not fulfilled when overdue, explanations on reasons and working plans for the next step shall be stated in detail	Not applicable					

Chapter VI Significant Events

V. ENGAGEMENT AND DISENGAGEMENT OF FIRMS OF ACCOUNTANTS

Whether the interim financial report has been audited or not

Yes No

The 2018 Interim Financial Report has not been audited.

On 8 June 2018, as considered and approved at the 2017 annual general meeting, the Company appointed PricewaterhouseCoopers Zhong Tian LLP as the auditor of the Company for 2018.

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

Applicable Not Applicable

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

Applicable Not Applicable

VIII. BANKRUPTCY OR REORGANISATION RELATED ISSUES

Applicable Not Applicable

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

IX. LITIGATION EVENTS

Material litigation and arbitration events

Applicable Not Applicable

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

Chapter VI Significant Events

Other litigation events

Applicable Not Applicable

Basic information of litigation (arbitration)	Amount involved (RMB thousand)	Whether estimated liabilities are incurred or not	Progress of litigation (arbitration)	Trial result of litigation (arbitration) and its impact	Execution of the judgment of litigation (arbitration)	Disclosure date	Disclosure index
Cases still in trial as the plaintiff in the first half of 2018	338,310	-	In trial	Not yet concluded	-	-	-
Cases still in trial as the respondent in the first half of 2018	536,320	-	In trial	Not yet concluded	-	-	-

X. PENALTIES AND REMEDIES

Applicable Not Applicable

During the Reporting Period, the Company had no penalties and remedies.

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

Applicable Not Applicable

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

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

1. Summary of Share Option Incentive Scheme

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

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

On 12 May 2015, upon the consideration and approval at the 8th meeting of the seventh session of the Board in 2015, the options of the second exercisable period for the First Tranche of Share Options have met the exercise conditions and were actually exercisable starting from 2 June 2015 to 27 September 2020 with the total exercisable options amounting to 39,660,000 options. As at 9 October 2015, upon the consideration and approval at the 14th meeting of the seventh session of the Board in 2015, the second exercisable period for the Second Tranche of Share Options have met the exercise conditions and were actually exercisable starting from 24 October 2015 to 27 September 2020 with the total exercisable options amounting to 4,132,500 options. As at 27 July 2018, upon the consideration and approval at the 11th meeting of the eighth session of the Board in 2018 and the implementation of the annual dividend distribution plan of the Company for 2017 on 20 July 2018, the adjusted option exercise price for the First and Second Tranche of Share Options is RMB10.22/option and RMB15.75/option, respectively.

During the Reporting Period, the total exercisable options of A Share(s) Share Option Incentive Scheme amounted to 2,067,200 options, representing 3.53% of the total amount (adjusted), of which, a total of 1,118,200 options were exercised during the second exercisable period for the First Tranche of Share Options, and a total of 949,000 options were exercised during the second exercisable period for the Second Tranche of Share Options. The implementation of A Share(s) Share Option Incentive Scheme has no material impact on the Company's financial condition and operation results during the Reporting Period and in the future.

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

CIMC Enric passed and adopted a share option scheme (hereinafter referred to as the "2006 Share Option Scheme") at its extraordinary general meeting held on 12 July 2006, pursuant to which CIMC Enric granted a total of 120,370,000 share options as rewards and benefits provided to certain employees, directors and other eligible persons for their contribution to CIMC Enric in November 2009, October 2011 and June 2014, respectively. The 2006 Share Option Scheme expired in 2016. For details, please refer to the relevant announcements of CIMC Enric published on the website of the Hong Kong Stock Exchange, the relevant announcements published on the websites of the Cninfo, the Hong Kong Stock Exchange and the Company as well as regular reports of the Company in recent years.

On 20 May 2016, the annual general meeting of CIMC Enric passed and adopted a new share option scheme (hereinafter referred to as the "2016 Share Option Scheme") and terminated the 2006 Share Option Scheme. Since the adoption of the 2016 Share Option Scheme, no share option has been granted by CIMC Enric pursuant to the 2016 Share Option Scheme.

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

Scope of participants during the Reporting Period	The first tranche of 54,000,000 share options (among which 4,107,500 share options were cancelled) were granted to 175 senior management and key technical personnel of the Company; the second tranche of 6,000,000 share options (among which 578,125 share options were cancelled) were granted to 38 key technical personnel and middle management of the Company.
Total equity granted during the Reporting Period (shares)	0
Total equity exercised during the Reporting Period (shares)	2,067,200
Total equity cancelled during the Reporting Period (shares)	0
Total equity lapsed during the Reporting Period (shares)	0
Total equity granted but outstanding at the end of the Reporting Period on a cumulative basis (shares)	18,850,190
Total equity granted and exercised at the end of the Reporting Period on a cumulative basis (shares)	36,464,185
Adjustments to grant price and exercise price during the Reporting Period and latest grant price and exercise price after such adjustments	The initial exercise price for the First Tranche of Share Options was RMB12.39/share, which was adjusted to RMB10.22/share after implementation of the dividend distribution proposals for the year 2010 to 2017. The initial exercise price for the Second Tranche of Share Options was RMB17.57/share, which was adjusted to RMB15.75/share after implementation of the dividend distribution proposals for the year 2011 to 2017.

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

Name	Position	Number of equity granted during the Reporting Period (shares)	Number of equity exercised during the Reporting Period (shares)	Number of outstanding and exercisable equity at the end of the Reporting Period (shares)
Mai Boliang	CEO and President, executive Director	0	0	2,850,000
Gao Xiang	Executive vice president	0	0	375,000
Wu Fapei	Vice president	0	0	750,000
Li Yinhui	Vice president	0	0	750,000
Li Guiping (Note 2)	Vice president	0	0	0
Huang Tianhua	Vice president	0	0	0
Yu Yuqun	Vice president and Secretary to the Board, Company secretary	0	0	750,000
Zeng Han	General manager of the financial department	0	0	288,750

Note 1: On 27 March 2018, the Company's senior management Mr. Liu Xuebin, Mr. Yu Ya and Mr. Zhang Baoqing left office. As at 30 June 2018, Mr. Liu Xuebin had 997,000 unexercised A share options of the Company; Mr. Yu Ya had 650,000 unexercised A share options of the Company; Mr. Zhang Baoqing still had 750,000 unexercised A shares of the Company and Mr. Yu Ya's 250,000 unexercised options of CIMC Enric.

Note 2: On 9 August 2018, the Company's senior management Mr. Li Guiping resigned as vice president of the Company for work reasons. As at 30 June 2018, Mr. Li Guiping did not hold A share options of the Company and share options of CIMC Enric.

XIII. MATERIAL CONNECTED TRANSACTIONS DISCLOSED ACCORDING TO SHENZHEN LISTING RULES

1. Connected Transactions Relating to Daily Operations

Applicable Not Applicable

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Unit: RMB thousand

Related party	Relationship with the Group	Type of the connected transaction	Details of the connected transaction	Pricing Principle	Price	Amount (RMB'000)	of the total amount of a similar transaction	Approved cap (RMB'000)	Whether approved cap has been exceeded	Settlement method	Available market price of a similar transaction	Disclosure date	Disclosure index
Y&C Engine Co., Ltd.	Joint venture	Purchase of goods	Purchase of goods	Regular commercial terms	-	263,028	-	-	-	-	-	-	-
TSC	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	55,580	-	-	-	-	-	-	-
Shaanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of a subsidiary	Purchase of goods	Purchase of goods	Regular commercial terms	-	31,051	-	-	-	-	-	-	-
Jiangsu Baojing Auto Parts Co., Ltd.	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	19,589	-	-	-	-	-	-	-
Fujian Qingchen Bamboo Products Co., Ltd.	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	7,306	-	-	-	-	-	-	-
Zhongce Rubber Group Co., Ltd.	Minority shareholder of a subsidiary	Purchase of goods	Purchase of goods	Regular commercial terms	-	6,831	-	-	-	-	-	-	-
Other related parties		Purchase of goods	Purchase of goods	Regular commercial terms	-	1,220	-	-	-	-	-	-	-
Other related parties		Receiving of services	Receiving of services	Regular commercial terms	-	4,065	-	-	-	-	-	-	-
Florens Container Services Ltd.	Subsidiary of significant shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	830,168	-	-	-	-	-	-	-
Shaanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of a subsidiary	Sale of goods	Sale of goods	Regular commercial terms	-	576,742	-	-	-	-	-	-	-
Florens Container Corporation S.A.	Subsidiary of significant shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	445,226	-	-	-	-	-	-	-
Dong Fang International Container (Lianyungang) Co., Ltd.	Subsidiary of significant shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	40,681	-	-	-	-	-	-	-
Dong Fang International Container (Guangzhou) Co., Ltd.	Subsidiary of significant shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	30,299	-	-	-	-	-	-	-
Dong Fang International Container (Jinzhou) Co., Ltd.	Subsidiary of significant shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	19,991	-	-	-	-	-	-	-
SUMITOMO CORPORATION	Minority shareholder of a subsidiary	Sale of goods	Sale of goods	Regular commercial terms	-	9,929	-	-	-	-	-	-	-
Lihua gas storage and transportation Co., Ltd.	Associated company	Sale of goods	Sale of goods	Regular commercial terms	-	1,191	-	-	-	-	-	-	-
Other related parties		Sale of goods	Sale of goods	Regular commercial terms	-	1,172	-	-	-	-	-	-	-
Other related parties		Rendering of services	Rendering of services	Regular commercial terms	-	47,881	-	-	-	-	-	-	-
Total					-	2,391,950	-	-	-	-	-	-	-

Details of substantial sales return

Nil

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

From January to June 2018, the actual total amount of continuing connected transactions between the Group and COSCO SHIPPING Development Co., Ltd. was RMB1,366,365,000, which did not exceed the annual caps for the year ended 31 December 2018 of RMB4,600,000,000 as agreed in the Supplemental Agreement to the Framework Agreement for Sale of Goods entered into by both parties on 29 March 2018.

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

Not applicable

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

Applicable Not Applicable

3. Connected Transactions Relating to Joint External Investments

Applicable Not Applicable

4. Claims and Liabilities among the Connected Transactions

Applicable Not Applicable

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

Yes No

Claims receivable from any related party:

Unit: RMB thousand

Related party	Relationship with the Group	Reason	Any appropriation of funds for non-operating purposes	Opening balance	Amount increased during the current period	Amount recovered during the current period	Interest rate	Interest for the current period	Closing balance
Country Garden Real Estate Group Co., Ltd* (碧桂園地產集團有限公司)	Minority shareholder of a subsidiary	Operating borrowings by Shareholders	No	-	647,857	-	-	-	647,857
Zhenjiang CIMC Embellish Yu Real Estate Co., LTD	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	331,250	17,223	-	-	3,457	351,930
Shanghai Fengyang Real Estate Development Co., Ltd.	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	34,204	-	-	-	-	34,204
Xinyang Wood Hong Kong Co., Ltd.	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	4,075	10,332	-	-	-	14,407
Nantong New Atlantic Forest Industry Ltd.	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	13,813	-	13,813	-	-	-
Shanghai Xin Bai Qin Vehicle Co., Ltd.	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	12,408	-	12,408	-	-	-
Other related parties			No	-	17,262	-	-	-	17,262
Effect of claims among the connected transactions on the operating results and financial position of the Company		Nil							

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Liabilities payable to any related party:

Unit: RMB thousand

Related party	Relationship with the Group	Reason	Opening balance	Amount increased during the current period	Amount repaid during the current period	Interest rate	Interest for the current period	Closing balance
Qingdao Country Garden Bolin Real Estate Co., Ltd.* (青島碧桂園博林置業有限公司)	Minority shareholder of a subsidiary	Operating borrowings by Shareholders in same ratio	-	51,491	-	-	-	51,491
Heshan Gonghe Country Garden Property Development Co., Ltd	Minority shareholder of a subsidiary	Operating borrowings by Shareholders in same ratio	-	30,980	30,980			
Gasfin Investment S.A	Minority shareholder of a subsidiary	Operating borrowings by Shareholders in same ratio	51,329	-	28,710	-	412	23,031
Effect of liabilities among the connected transactions on the operating results and financial position of the Company		Nil						

5. Other Material Connected Transactions

Applicable Not Applicable

There were no other material connected transactions of the Company during the Reporting Period.

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

Applicable Not Applicable

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

XV. MATERIAL CONTRACTS AND THEIR PERFORMANCES

1. Trusteeship, Contracting or Leasing

(1) Trusteeship

Applicable Not Applicable

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

Chapter VI Significant Events

(2) Contracting

Applicable Not Applicable

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

(3) Leasing

Applicable Not Applicable

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

2. Material Guarantees

Applicable Not Applicable

(1) Description of Guarantees

Unit: RMB thousand

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

Name of guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of signing the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Customers and dealers of subsidiaries of CIMC Vehicle	27 March 2018	2,040,000	1 January 2018	1,165,648	Warrantice	1-2 years	No	No
Customers and dealers of C&C Trucks and its controlling subsidiaries	27 March 2018	1,200,000	1 January 2018	550,791	Warrantice	1-2 years	No	No
Purchasers of commodity houses of CIMC Skyspace Real Estate and its controlling subsidiaries	27 March 2018	2,340,000	1 January 2018	694,951	Warrantice	1-2 years	No	No
Customers of CIMC Raffles	27 March 2018	262,630	1 January 2018	238,750	Warrantice	1-2 years	No	No
Total external guarantee facilities approved during the Reporting Period (A1)		2,110,239		Total actual amount of external guarantees during the Reporting Period (A2)				1,479,996
Total external guarantee facilities approved at the end of the Reporting Period (A3)		5,842,630		Total actual balance of external guarantees at the end of the Reporting Period (A4)				2,650,140

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The Company's guarantees for subsidiaries

Name of guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Subsidiaries of CIMC	27 March 2018	20,397,480	1 January 2018	7,945,584	Warrantice	1-2 years	No	No
Overseas holding subsidiaries of CIMC	27 March 2018	35,000,000	1 January 2018	23,310,282	Warrantice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (B1)			3,525,942	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)				3,329,676
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (B3)			55,397,480	Total actual balance of guarantees for subsidiaries at the of the Reporting Period (B4)				31,255,866

Subsidiaries' guarantees for subsidiaries

Name of guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guaranteed or not
Guarantee of one subsidiary for another	27 March 2018	13,784,910	1 January 2018	4,085,247	Warrantice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (C1)			1,845,160	Total actual guarantee amount for subsidiaries during the Reporting Period (C2)				1,225,852
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (C3)			13,784,910	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)				4,085,247

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

Total guarantee facilities approved during the Reporting Period (A1+B1+C1)	7,481,341	Total actual guarantee amount during the Reporting Period (A2+B2+C2)	6,035,524
Total guarantee facilities approved at the end of the Reporting Period (A3+B3+C3)	75,025,020	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	37,991,253
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company			123.90%
Of which:			
Guarantee amount provided to Shareholders, the de facto controller and related parties (D)			0
Debt guarantee amount provided directly or indirectly to the guaranteed party with a gearing ratio of over 70% (E)			7,990,539
Amount of total guarantee amount in excess of 50% of net assets of the Company (F)			22,659,749
Total amount of the above three guarantees (D+E+F)			30,650,288
Explanations on liabilities for guarantees incurred during the Reporting Period or possibly assuming joint settlement liabilities by the Company in respect of undue guarantees (if any)			0
Explanations on external guarantees provided in violation of prescribed requirements (if any)			0

Specific explanation of compound guarantees: non-existent.

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(2) Irregular External Guarantees

Applicable Not Applicable

3. Other Material Contracts

Applicable Not Applicable

XVI.SOCIAL RESPONSIBILITY

1. Material Environmental Protection Events

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

Yes No Not Applicable

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Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (first half)	Approved total emission	Excessive emission
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd	Organic exhaust: VOC, benzene, methylbenzene, Xylene Sanding exhaust: particulate matter Domestic sewage: COD	Emissions complied with standards after treated by environmental protection facilities	27	Roof of factory workshops	Inspection outlet of stage II primer paint exhaust emissions: benzene: 0.132 mg/m ³ , sum of methylbenzene and xylene: 3.26 mg/m ³ , VOCs 9.23. Inspection outlet of stage II exterior paint exhaust emissions: benzene: 0.0112 mg/m ³ , sum of methylbenzene and xylene: 0.0106 mg/m ³ , VOCs 0.0229. Inspection outlet of stage III intermediary paint exhaust emissions: benzene: 0.337 mg/m ³ , sum of methylbenzene and xylene: 1.23 mg/m ³ , VOCs 6.22. Inspection outlet of pre-treatment lines exhaust emissions (side plate, 30-metre automated line) (stage I automated line): benzene: 0.341 mg/m ³ , sum of methylbenzene and xylene: 0.570 mg/m ³ , VOCs 1.72, COD: 154 mg/L (note: the above figures are just a part of regulatory statistics taken from a regulatory report)	Benzene: 1mg/m ³ , sum of methylbenzene and xylene: 20 mg/m ³ , total VOCs: 90 mg/m ³ , particulate matter: 120 mg/m ³ , COD: 500 mg/L	Based on calculation of material balance, VOCs emissions in the first half of the year were approximately 53 tonnes. Based on calculation of pollutants emitted from production, particulate matter emissions were approximately 42.6 tonnes and total COD emissions were 2.88405 tonnes	Before this, the total emission requirement was not mentioned in the environmental evaluation approval, thus total emission is not approved	Nil
Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Xylene, non-methane hydrocarbon, particulate matter, COD, ammonia nitrogen	Organised emission	12	Distributed around coating and sanding workshops	Non-methane hydrocarbon (average): 23.45 mg/m ³ , particulate matter (average): 7.06 mg/m ³ , COD: 149 mg/L, ammonia nitrogen: 6.98 mg/L	GB16297-1996 Grade II Standard, GB8978-1996 Grade III Standard	VOC 57.11 tonnes/six months, COD 0.21 tonnes/six months, ammonia nitrogen 0.021 tonnes/six months	VOC 218.07 tonnes/year, COD 1.09 tonnes/year, ammonia nitrogen 0.109 tonnes/year	Nil
Nantong CIMC Shunda Containers Co., Ltd.	Particulate matter Benzene Xylene Ethyl acetate Non-methane hydrocarbon COD SS Petroleum Ammonia nitrogen	Production suspended	Demolished	Sanding Paint spraying	Production suspended	Integrated Emission Standard of Air Pollutants (GB16297-1996) Integrated Wastewater Discharge Standard (GB8978-1996)	Production suspended	1.08 tonnes/year 5.16 tonnes/year 7.94 tonnes/year 1.45 tonnes/year 71.78 tonnes/year 15.512 tonnes/year 7.079 tonnes/year 0.0045 tonnes/year 0.912 tonnes/year	Nil

Chapter VI Significant Events

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (first half)	Approved total emission	Excessive emission
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	Particulate matter	Intermittent emission	1	Full container sanding	4.39 mg/m ³	Integrated Emission	0.312 tonnes/six months	0.97 tonnes/year	Nil
	Benzene		2	Coating	1.33 mg/m ³	Standard of Air Pollutants (GB16297-1996)	0.106 tonnes/six months	13.15 tonnes/year	
	Xylene				1.11 mg/m ³		0.251 tonnes/six months	17.64 tonnes/year	
	Non-methane hydrocarbon				39.4 mg/m ³		2.24 tonnes/six months	62.83 tonnes/year	
	Ethyl acetate				2.54 mg/m ³	Former USSR Standard (CH245-71)	0.331 tonnes/six months	6.98 tonnes/year	
	COD		2	Sewage external emission	50 mg/L	Integrated Wastewater	1.33 tonnes/six months	32.968 tonnes/year	
	SS			outlet	30 mg/L	Discharge Standard (GB8978-1996)	0.799 tonnes/six months	21.996 tonnes/year	
	Petroleum				ND mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (CJ343-2010)	0	0.019 tonnes/year	
	Ammonia nitrogen				33.5 mg/L		0.89 tonnes/six months	2.891 tonnes/year	
	Total phosphorous				1.66 mg/L		0.044 tonnes/six months	0.322 tonnes/year	
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	Paint mist, xylene and organic exhaust (calculated based on non-methane hydrocarbon)	Emitted through 30-metre tall pipes on the roof	3	Zinc-rich paint exhaust control facilities, exterior paint exhaust control facilities, intermediary and interior paint exhaust control facilities	Benzene 0.12 mg/m ³ , methylbenzene 0.04 mg/m ³ , xylene 0.04 mg/m ³ , calculated based on non-methane hydrocarbon 5.2 mg/m ³	Integrated Emission Standard of Air Pollutants (DB31/933-2015)	124.8347 tonnes/half year	VOC 258.7158 tonnes/year (new environmental evaluation report)	Nil
	Sulfur dioxide, NOx	Emitted through 16-metre tall pipes on the roof	1	Industrial boiler	Sulfur dioxide 3 mg/mg3, NOx 107 mg/mg3	Integrated Emission Standard of Air Pollutants (DB31/933-2015)	Sulfur dioxide 0.006273 tonnes/six months, NOx 0.2235 tonnes/six months	Sulfur dioxide 0.0081 tonnes/year (Shanghai trial version emission permit) NOx 1.5 tonnes/year (Shanghai trial version emission permit)	Nil

Chapter VI Significant Events

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (first half)	Approved total emission	Excessive emission
	COD, ammonia nitrogen, total nitrogen, total phosphorus	Discharged into the municipal sewage pipeline network	2	Northwest section of the factory, south side of gate 1 of the factory	COD 30 mg/L, ammonia nitrogen 0.7 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015)	<p>Sewage volume 902 m³/six months (Explanation: the volume indicates industrial water usage. The Shanghai area does not inspect domestic sewage and initial rainwater. Please refer to the document Shanghai environmental protection evaluation No.(2012)409 for details)</p> <p>COD 0.02706 tonnes/first half of the year (Explanation: the Shanghai area does not inspect domestic sewage and initial rainwater. Please refer to the document Shanghai environmental protection evaluation No.(2012)409 for details)</p> <p>Ammonia nitrogen 0.0006314 tonnes/first half of the year (Explanation: the Shanghai area does not inspect domestic sewage and initial rainwater. Please refer to the document Shanghai environmental protection evaluation No.(2012)409 for details)</p>	<p>Sewage volume 113,150 m³/year (wastewater discharge permit, includes domestic sewage volume)</p> <p>COD 0.1383 tonnes/year</p> <p>Ammonia nitrogen 0.0025 tonnes/year</p>	Nil

Chapter VI Significant Events

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (first half)	Approved total emission	Excessive emission
Shanghai CIMC Baowell Industries Co. Ltd	Non-methane hydrocarbon	Organised emission	4	Zinc-paint exhaust control facilities, exterior paint exhaust control facilities, intermediary and interior paint control facilities, pre-treatment exhaust control facilities	1# outlet (zinc-paint): 2.93 mg/m ³ , 2# outlet (exterior paint): 3.77 mg/m ³ , 3# outlet (intermediary and interior paint): 2.56 mg/m ³ , 4# outlet (pre-treatment): 12.01 mg/m ³ , (statistics above are taken from the examination report of the first quarter in 2018)	Integrated Emission Standard of Air Pollutants (DB31/933-2015)	203.305 tonnes/six months	Total emission on the emission permit has not been approved	Nil
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	Xylene	Organised emission	4	2 in pre-treatment sandblasting, 1 in adhesive spray and 1 in spray paint	1.64 mg/m ³	Emission Standard of Volatile Organic Compounds Part 5: Surface Coating Industry, Regional Air Pollutants Integrated Emission Standard of Shandong Province	0.996 tonnes/six months	28.83 tonnes/year	Nil
	Non-methane hydrocarbon		8	4 in foaming, 2 in pre-treatment sandblasting, 1 in adhesive spray and 1 in spray paint	3.24 mg/m ³		2.952 tonnes/six months	71.95 tonnes/year	
	Particulate matter		16	6 in pre-treatment sandblasting, 1 in adhesive spray, 1 in spray paint and 8 in container sandblasting	3.0 mg/m ³		6.529 tonnes/six months	39.372 tonnes/year	
	COD	Sewage network	2	1 to the east side and 1 to the west side of the factory area	46 mg/L	Wastewater Quality Standards for Discharge to Municipal Sewers	0.454 tonnes/six months	12.24 tonnes/year	

Chapter VI Significant Events

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (first half)	Approved total emission	Excessive emission
Tianjin CIMC Containers Co., Ltd.	Sulfur dioxide	Organised emission	10	6 emission outlets in painting workshops and 4 emission outlets in pre-treatment workshops	3 mg/m ³	50 mg/m ³	0.337 tonnes/six months	2.272 tonnes/year	Nil
	NOx				13.17 mg/m ³	300 mg/m ³	2.94 tonnes/six months	3.508 tonnes/year	
	VOC				40.324 mg/m ³	50 mg/m ³	36.1 tonnes/six months	Nil	
	Smoke and dust				5.69 mg/m ³	20 mg/m ³	1.44 tonnes/six months	18.35 tonnes/year	
	General dust	Organised emission	11	9 emission outlets in the first sanding and 2 emission outlets in the second sanding	20 mg/m ³	120 mg/m ³	0.4 tonnes/six months		
	COD	Emissions incorporated into the sewage collection network	1	Southwest side of the factory	55.5 mg/L	500 mg/L	0 (wastewater is recycled and reused, thus no emissions)	3.28 tonnes/year	
	Ammonia nitrogen	Emissions incorporated into the sewage collection network			2.4 mg/L	35 mg/L	0 (wastewater is recycled and reused, thus no emissions)	0.49 tonnes/year	
Shenzhen CIMC Special Vehicle Co., Ltd.	Spray paint exhaust, exhaust from drying paint, benzene congeners, TVOCs, methylbenzene, xylene	After collection, treated with specialised activated carbon purifiers and emitted through 15-metre tall exhaust pipes	5	Paint workshops	Benzene congeners: 0.21-1.2 mg/m ³ , Sum of methylbenzene and xylene: 0.1-0.42 mg/m ³ , TVOCs: 1.01-4.45 mg/m ³	DB44/816-2010 time slot II limit	Sum of methylbenzene and xylene: 176 kg/year, TVOCs: 8,450 kg/year,	Emission limit on the emission permit has not been approved	Nil
	Sanding exhaust, sand cleaning-out exhaust, particulate matter	Emitted through 15-metre tall exhaust pipes after separation from dust and sand in dust removal filters	1	Paint workshops	60 mg/m ³	DB44/27-2001 time slot II Standard Level 2	Particulate matter: 6,832.8 kg/year	Emission limit on the emission permit has not been approved	

Chapter VI Significant Events

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (first half)	Approved total emission	Excessive emission
CIMC-SHAC (Xi'An) Special Vehicle Co., Ltd.	Wastewater: SS, COD, ammonia nitrogen, petroleum, animal and vegetable oil	Domestic sewage is discharged into municipal wastewater treatment stations;	1	East side of the factory area	SS: 38mg/l, COD: 32 mg/l, ammonia nitrogen: 1.59 mg/l, petroleum: 1.29 mg/l, animal and vegetable oil: 0.08 mg/l.	DB61/224-2011 Standard Level 2 in table 2 of the Integrated Wastewater Discharge Standard for the Yellow River Basin (Shaanxi Section), GB8979-1996 Standard Level 3 in table 4 of the Integrated Wastewater Discharge Standard.	SS: 0.565 tonnes/six months, COD: 0.476 tonnes/six months, ammonia nitrogen: 0.0236 tonnes/six months, petroleum: 0.0192 tonnes/six months, animal and vegetable oil: 0.00119 tonnes/six months	COD: 1.24 tonnes/year Other indicators are pending approval upon obtaining a new emission permit.	Nil
	Exhaust: benzene congeners, non-methane hydrocarbon	Exhaust is emitted into the atmosphere after water coagulation treatment + pre- and medium efficiency filtration + activated carbon adsorption + catalytic combustion	4	1 in the base paint workshop, 2 in the topcoat paint workshop and 1 in the small parts workshop of the paint line	Benzene: 0.021 mg/m ³ , methylbenzene: 1.296 mg/m ³ , xylene: 3.0755 mg/m ³ , non-methane hydrocarbon: 3.273 mg/m ³ , SO _x : not detected, particulate matter: 7.56 mg/m	Emission Control Standard of Volatile Organic Compounds in Shaanxi Province (DB61/T1061-2017) Standards for the Surface Coating Industry, requirement of Standard Level 2 in the State's Integrated Emission Standard of Air Pollutants (GB16297-1996)	Benzene: 0.00984 tonnes/six months, methylbenzene: 0.8184 tonnes/six months, xylene: 2.016 tonnes/six months, non-methane hydrocarbon: 2.016 tonnes/six months, particulate matter: 17.16 kg/six months	Sulfur dioxide 6.3 kg/year; dust: 1.12 tonnes/year Other indicators are pending approval upon obtaining a new emission permit.	Nil
Zhumadian CIMC Huajun Vehicle Trading Co., Ltd.	Fume, dust particulate matter	Emitted after collection and filtration in dust removal filters	2	1 emission outlet on 2 production lines respectively	<30 mg		≤30 mg 3.095 tonnes/six months	20.4 tonnes/year	Nil

Chapter VI Significant Events

Name of company or subsidiary	Name of major and specific pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Emission concentration	Pollutant emission standards in effect	Total emission (first half)	Approved total emission	Excessive emission
Shenzhen CIMC-Tianda Airport Support Co., Ltd.	Spray paint exhaust, exhaust from drying paint: benzene congeners, TVOCs, methylbenzene, xylene, particulate matter	After collection, treated with specialised activated carbon purifiers and emitted through 15-metre tall exhaust pipes	3	Structure welding workshop, paint workshops	Benzene congeners: primer and intermediary paint: 0.53 mg/m ³ , topcoat paint: 0.413 mg/m ³ , sum of methylbenzene and xylene: Component spray paint: 3.31 mg/m ³ Primer and intermediary paint: 13.5 mg/m ³ Topcoat paint: 6.29 mg/m ³ TVOCs: Component spray paint: 15.6 mg/m ³ , Primer and intermediary paint: 13.5 mg/m ³ , Topcoat paint: 6.29 mg/m ³ Particulate matter: Component spray paint: 7.36 mg/m ³ Primer and intermediary paint: 15.2 mg/m ³ Topcoat paint: 13.3 mg/m ³	Second standard under time slot II of DB44/21-2001, Emission Standard of Volatile Organic Compounds for surface coating (vehicle manufacturing industry)	Benzene: 74.99 kg, sum of methylbenzene and xylene: 1,533.52 kg, TVOCs: 5,838.14 kg, particulate matter: 2,363.98 kg.	1,528 million standard cubic metres/year (maximum exhaust emission under the emission permit)	Nil
	Sanding exhaust, sand cleaning-out exhaust: particulate matter	Emitted through 15-metre tall exhaust pipes after separation from dust and sand through a two-tier dust removal process using bag filters	5	Structure welding workshop, paint workshops	Sanding of components: 10.3 mg/m ³ Sanding emission outlet 1#: 15.6 mg/m ³ Sanding emission outlet 2#: 11.8 mg/m ³ Sand cleaning-out emission outlet 1#: 8.79 mg/m ³ Sand cleaning-out emission outlet 2#: 12.3 mg/m ³	DB44/21-2001 time slot II Standard Level 2	Particulate matter: 2,056 kg/		Nil
	Fumes from canteens	After flowing through ventilation to the top of buildings, treated with static purifiers and emitted at high altitude	1	Top of the canteens (top of 3-storey building)	Fume emission concentration: 0.68 mg/m ³	DB44/21-2001 time slot II Standard Level 2	10.56 kg		Nil
	Exhaust from backup generator	The generators use 0# light diesel as fuel. Gas combustion fumes will be emitted at high altitude after water bath dust removal process	1	Backup generator room on the west wing of the office building	Ringelmann emittance <1	DB44/21-2001 time slot II Standard Level 2	Ringelmann emittance <1		Nil

Chapter VI Significant Events

Construction and operation of pollution prevention and control facilities

Name of subsidiary	Construction and operation of pollution prevention and control facilities
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd.	<p>Wastewater control facilities: Construction is completed. The facilities have been put into operation and are in normal use.</p> <p>Exhaust control facilities: Construction is completed. The facilities have been put into operation and are in normal use.</p> <p>Hazardous waste control facilities: Equipped with hazardous waste storage tanks. Hazardous waste are delivered to qualified institutions for treatment on a regular basis.</p>
Ningbo CIMC Logistics Equipment Co., Ltd.	<p>Wastewater control facilities: Equipped with biochemical treatment facility (1 set). The facility is in normal use.</p> <p>Exhaust control facilities: Equipped with exhaust treatment equipment (21 sets). The equipment is in normal use.</p> <p>Hazardous waste control facilities: Equipped with hazardous waste storage tanks. Hazardous waste are delivered to qualified institutions for treatment on a regular basis.</p>
Nantong CIMC Shunda Containers Co., Ltd.	Production suspended.
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	<p>Wastewater control facilities: Normal.</p> <p>Exhaust control facilities: Equipped with dust removal filters from sanding. Exhaust recycling are under normal operation.</p> <p>Hazardous waste control facilities: Equipped with hazardous waste storage tanks. Hazardous waste are delivered to qualified institutions for treatment on a regular basis.</p>
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	<p>Wastewater control facilities: Equipped with industrial sewage treatment facility (1 set, in normal use): internal circulation without external emission.</p> <p>Exhaust control facilities: Zinc-paint exhaust control facility (1 set, in normal use): organised emission. Exterior paint exhaust control facility (1 set, in normal use): organised emission. Intermediary and interior paint exhaust control facility (1 set, in normal use): organised emission. Pre-treatment exhaust control facility (1 set, in normal use): organised emission.</p> <p>Hazardous waste control facilities: Pre-treatment dust control facility (5 sets, in normal use): organised emission through 2 emission outlets (combined); second-time sanding dust control facility (4 sets, in normal use): organised emission, 4 emission outlets.</p> <p>Hazardous waste control facilities: Equipped with hazardous waste storage tanks. Hazardous waste are delivered to qualified institutions for treatment on a regular basis.</p>

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Name of subsidiary	Construction and operation of pollution prevention and control facilities
Shanghai CIMC Baowell Industries Co. Ltd.	<p>Wastewater control facilities: Industrial sewage treatment facility (1 set, in normal use): internal circulation without external emission. Domestic wastewater treatment facility (1 set, in normal use): discharged through pipelines.</p> <p>Exhaust control facilities: Zinc-paint exhaust control facility (1 set, in normal use): organised emission. Exterior paint exhaust control facility (1 set, in normal use): organised emission. Intermediary and interior paint exhaust control facility (1 set, in normal use): organised emission. Pre-treatment exhaust control facility (1 set, in normal use): organised emission.</p> <p>Dust control facility: Pre-treatment dust control facility (8 sets, in normal use): organised emission through 3 emission outlets (partially combined). Second-time sanding dust control facility (4 sets, in normal use): organised emission through 2 emission outlets (partially combined).</p> <p>Welding fumes control facility: Welding fumes dust-removing filter (24 sets, in normal use): organised emission.</p> <p>Hazardous waste control facilities: Equipped with hazardous waste storage tanks. Hazardous waste are delivered to qualified institutions for treatment on a regular basis.</p>
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	<p>Wastewater control facilities: Equipped with spray paint wastewater recycling and reuse treatment facility. The company commissions external institutions for subsequent treatment.</p> <p>Exhaust control facilities: Equipped with 4 sets of organic exhaust treatment equipment and 12 sets of particulate matter treatment facilities.</p> <p>Hazardous waste control facilities: Equipped with temporary hazardous waste storage warehouses. The company commissions qualified institutions for treatment of hazardous waste on a regular basis.</p>
Tianjin CIMC Containers Co., Ltd.	<p>Wastewater control facilities: sewage goes through sludge scraping, air floating and pre-treatment, and is treated using technologies like membrane bioreactors (MBR), ultrafiltration (UF) and reverse osmosis (RO) and is ultimately recycled and reused after flowing into clear water reservoirs.</p> <p>Exhaust control facilities: Equipped with spiral water spray + activated carbon adsorption combustion device as well as zeolite rotor for adsorption and concentration + RTO technology.</p> <p>Hazardous waste control facilities: Equipped with hazardous waste storage warehouses. Hazardous waste are delivered to qualified institutions for treatment on a regular basis.</p>

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Name of subsidiary	Construction and operation of pollution prevention and control facilities
Shenzhen CIMC Special Vehicle Co., Ltd.	<p>Wastewater control facilities: Equipped with sewage treatment facility (1 set), mainly engaged in the treatment of spray paint wastewater, recycling and use of the treated water as well as wastewater-free production. The equipment is currently in normal use and under regular maintenance.</p> <p>Exhaust control facilities: Equipped with spray paint exhaust treatment facility (3 sets). The equipment is currently in normal use. Equipped with sand cleaning-out exhaust treatment devices (1 set). The equipment is currently in normal use. Equipped with cooking fume purifier device (1 set). The equipment is currently in normal use.</p> <p>Hazardous waste control facilities: Equipped with 1 temporary storage location for hazardous waste, which is currently in normal use.</p>
CIMC-SHAC (Xi'An) Special Vehicle Co., Ltd.	<p>Wastewater control facilities: Equipped with sewage treatment station, which is currently in normal use.</p> <p>Exhaust control facilities: Equipped with VOCs control facilities (activated carbon adsorption + catalytic combustion). The equipment is in normal use.</p> <p>Hazardous waste control facilities: Equipped with hazardous waste storage tanks, which are in normal use.</p> <p>Other environmental protection control facilities: Equipped with welding dust control facility. The equipment is in normal use.</p>
Zhumadian CIMC Huajun Casting Co., Ltd.	<p>Wastewater control facilities: Equipped with a three-level sedimentation pool (the company only discharges domestic wastewater as there is no underground pipeline network).</p> <p>Exhaust control facilities: Equipped with pulse jet bag dust filters and automatic online monitoring system.</p> <p>Hazardous waste control facilities: Equipped with temporary hazardous waste storage warehouses.</p>
Shenzhen CIMC-Tianda Airport Support Co., Ltd.	<p>Wastewater control facilities: Equipped with sewage treatment facility (1 set), mainly engaged in the treatment of spray paint rinsing wastewater, recycling and use of treated water as well as wastewater-free production. The equipment is currently in normal use and under regular maintenance.</p> <p>Exhaust control facilities: Equipped with spray paint exhaust treatment facilities (3 sets), which are currently in normal use. Equipped with sanding exhaust treatment devices (3 sets), which are currently in normal use. Equipped with sand cleaning-out exhaust treatment devices (1 set), which is currently in normal use. Equipped with cooking fume purifier device (1 set), which is currently in normal use. Equipped with power generator exhaust treatment device (1 set), which is currently in normal use.</p> <p>Hazardous waste control facilities: Equipped with 1 temporary storage location for hazardous waste, which is currently in normal use.</p>

Chapter VI Significant Events

Environmental impact assessment of construction projects and other environmental protection administrative licensing

Name of subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd	Obtained environmental evaluation approval and sewage permits through environmental acceptance works.
Ningbo CIMC Logistics Equipment Co., Ltd.	Obtained water discharge permits through environmental evaluation on water-based paint technological upgrade.
Nantong CIMC Shunda Containers Co., Ltd.	Production suspended.
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	Obtained environmental evaluation approval and sewage permits through environmental acceptance works.
Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.	Obtained environmental evaluation approval (Shanghai and Pudong Environmental Approval and Evaluation [2018] No. 52), the examination of completion is in progress; holds Shanghai Municipal sewage permits (Certificate No: G31011500087); and holds Shanghai Municipal water discharge permits (Verification of Shanghai and Pudong Water Authority [2017] No. 662).
Shanghai CIMC Baowell Industries Co. Ltd.	Obtained environmental evaluation approval (Shanghai Baoshang Environmental Approval [2017] No. 574), the examination of completion is in progress; holds Shanghai Municipal sewage permits (Certificate No: G31011300007); and holds Shanghai Municipal water discharge permits (Shanghai Water Affairs Certificate No. 056125080).
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	Passed the environmental acceptance works.

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Name of subsidiary	Environmental impact assessment of construction projects and other environmental protection administrative licensing
Tianjin CIMC Containers Co., Ltd.	Phase one environmental evaluation approval: obtained Tianjin Environmental Protection Letter [2006] No. 001, and completed the examination on 14 March 2008 (Tianjin Environmental Protection License Examination [2008] No. 005); phase two environmental evaluation approval: obtained Jinbintang Environmental Approval [2012] No. 23, and completed the examination on 31 August 2017 (Jinbin Environmental Evaluation and Approval [2017] No. 357); phase three environmental evaluation approval: obtained Jinbin Environmental Evaluation and Approval [2017] No. 490, which is currently under commission stage.
Shenzhen CIMC Special Vehicle Co., Ltd.	Obtained the "Evaluation Approval on Environmental Impact of Construction Projects" from Shenzhen Municipal Environmental Protection Bureau on 28 April 2004; Shenzhen Environmental Approval [2004] No. 10616; obtained the "Decision on the Environmental Protection Examination for Completion of Construction Projects" from Shenzhen Municipal Environmental Protection Bureau on 13 February 2006; Shenzhen Environmental Approval [2006] No. 012; obtained the "Evaluation Approval on Environmental Impact of Construction Projects" from Shenzhen Municipal Environmental Protection Bureau on 29 October 2008; Shenzhen Environmental Approval [2008] No. 101054; and holds the effective sewage permit (4403012010000357).
CIMC -SHAC (Xi'An) Special Vehicle Co., Ltd.	Obtained environmental evaluation approval and district and county sewage permits through environmental acceptance works.
Zhumadian CIMC Huajun Casting Co., Ltd.	Obtained environmental evaluation approval through environmental acceptance works.
Shenzhen CIMC-Tianda Airport Support Co., Ltd.	Obtained environmental evaluation approval and sewage permits through environmental acceptance works.

Contingency plans for unexpected environment-related events

The 10 critical pollutant dischargers including Southern CIMC, Ningbo CIMC Logistics Equipment Co., Ltd. and other subsidiaries of the Group (excluding critical pollutant dischargers under production suspension: Nantong CIMC Shunda Containers Co., Ltd.) have prepared contingency plans for unexpected environment-related events, which have been filed with local environmental protection authorities. Zhumadian CIMC Huajun Casting Co. Ltd., a subsidiary of the Group, has completed the preparation of contingency plans for unexpected environment-related events which are now proceeding with filing with state authorities.

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Self-monitoring environmental program

The 11 critical pollutant dischargers including Southern CIMC, Ningbo CIMC Logistics Equipment Co., Ltd. and other subsidiaries of the Group (excluding critical pollutant dischargers under production suspension: Nantong CIMC Shunda Containers Co., Ltd.) have engaged qualified inspection agencies to carry out regular inspections on exhaust, wastewater and noise. All relevant standards have been met for each indicator.

Other discloseable environmental information

In 2017, C&C Trucks, a non wholly-owned subsidiary of the Company, was included in the list of critical pollutant dischargers published by the environmental protection authorities in Wuhu, Anhui Province and was regarded as a critical pollutant discharger under the hazardous waste category. C&C Trucks has published the 2017 environmental information in accordance with relevant requirements. In 2018, C&C Trucks is not included in the list of critical pollutant dischargers published by the environmental protection authorities in Wuhu, Anhui Province. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn), the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-046) on 18 May 2018 and the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Other environment-related information

None

2. Performance of Precise Poverty-alleviation Social Responsibility

Applicable Not Applicable

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

3. Performance of Other Social Responsibilities

The Company published the 2017 Social Responsibility and Environmental, Social and Governance Report on 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) on 27 March 2018.

Chapter VI Significant Events

XVII. EXPLANATION ON OTHER MATERIAL EVENTS

1. On 15 January 2018, Ms. Yang Rong, the former general manager of the capital management department, resigned for personal reasons. Upon consideration and approval at the 1st meeting in 2018 of the eighth session of the Board of the Company, the Company consolidated the former financial management department and the capital management department, and appointed Mr. Zeng Han as the general manager of the consolidated financial management department. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-003 and [CIMC]2018-004) on 15 January 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
2. On 9 March 2018, upon consideration and approval at the 4th meeting in 2018 of the eighth session of the Board of the Company, the Company decided to terminate the non-public issuance of A Shares as approved by the Board on 8 April 2016 and made an application to CSRC for the withdrawal of relevant application documents. On 23 March 2018, the Company received the Notice regarding CSRC's Administrative Permission on Application for Termination of Review ([2018]No. 119) (《中國證監會行政許可申請終止審查通知書》([2018]119號)) issued by the CSRC, pursuant to which the application for the termination of review was approved by the CSRC. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-002, [CIMC]2018-013 and [CIMC]2018-021) on 11 January 2018, 9 March 2018 and 26 March 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
3. On 12 March 2018, upon consideration and approval at the 5th meeting in 2018 of the eighth session of the Board of the Company, the Company proposed to issue not more than 343,315,321 H shares pursuant to the general mandate as considered and approved at the 2016 annual general meeting convened on 9 June 2017. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-014 and [CIMC]2018-015) on 12 March 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
4. On 27 March 2018, upon consideration and approval at the 6th meeting in 2018 of the eighth session of the Board of the Company, the Company appointed Mr. Gao Xiang as executive vice president of the Company, Mr. Li Guiping and Mr. Huang Tianhua as vice presidents of the Company, Mr. Yu Yuqun as vice president of the Company and secretary to the Board and Company Secretary. Mr. Liu Xuebin, Mr. Yu Ya and Mr. Zhang Baoqing, the former vice presidents of the Company, were re-designated as the senior consultants of the Company. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-030) on 27 March 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

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5. On 27 March 2018, upon consideration and approval at the 6th meeting in 2018 of the eighth session of the Board of the Company, the Company prepared the financial statements for 2017 and subsequent periods pursuant to the Notice on the Revision of the Format for Issuing General Enterprise Financial Statements (Cai Kuai [2017] No. 30) by adopting the newly amended Accounting Standards for Business Enterprises No. 14 – Revenue, Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 – Hedge Accounting, Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instrument and Interpretations to Accounting Standards for Business Enterprises No. 9 – No. 12 since 1 January 2018. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-026) on 27 March 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). For details, please also refer to note II. 32 of "Chapter IX 2018 Interim Financial Report (Unaudited)" in this Report.
6. On 27 March 2018, upon consideration and approval at the 6th meeting in 2018 of the eighth session of the Board of the Company, the Company proposed to make some amendments to the Articles of Association and the Rules of Procedures for the General Meeting. On 8 June 2018, these amendments were considered and approved at the 2017 annual general meeting. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-031 and [CIMC]2018-051) on 27 March 2018 and 9 June 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
7. On 27 March 2018, upon consideration and approval at the 6th meeting in 2018 of the eighth session of the Board of the Company, the Company proposed to adjust the subsidies for independent non-executive directors from RMB200,000 per year to RMB240,000 per year from 1 January 2018. On 8 June 2018, the matter was considered and approved at the 2017 annual general meeting. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-032 and [CIMC]2018-051) on 27 March 2018 and 9 June 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
8. On 29 March 2018, upon consideration and approval at the 6th meeting in 2018 of the eighth session of the Board of the Company, the Company and COSCO SHIPPING Development Co., Ltd. entered into the Supplementary Agreement to the Framework Agreement for Sale of Goods. The parties agreed to increase the annual caps of the ordinary related-party transaction/continuing connected transaction for 2018 and 2019 to RMB4.60 billion and RMB5.00 billion, respectively. On 8 June 2018, the agreement was considered and approved at the 2017 annual general meeting. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2016-071, [CIMC]2018-027, [CIMC]2018-035 and [CIMC]2018-051) on 12 November 2016, 27 March 2018, 29 March 2018 and 9 June 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Chapter VI Significant Events

9. On 23 April 2018, upon consideration and approval at the 8th meeting in 2018 of the eighth session of the Board of the Company, the Company proposed to register and issue medium-term notes in an amount of no more than RMB6 billion, perpetual medium-term notes in an amount of no more than RMB4 billion and super & short-term commercial papers in an amount of no more than RMB8 billion. On 8 June 2018, the agreement was considered and approved at the 2017 annual general meeting. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-040, [CIMC]2018-041 and [CIMC]2018-051) on 23 April 2018 and 9 June 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
10. On 31 May 2016, the Resolution Regarding the Registration and Issuance of Medium-Term Notes (including perpetual medium-term notes) and Super & Short-term Commercial Papers in the PRC was approved at the 2015 annual general meeting of the Company, approving the issuance by the Company of super & short-term commercial papers with a size of not more than RMB15 billion. On 21 June 2016, the Company made an application for registration to the National Association of Financial Market Institutional Investors, and received the Notice of Acceptance of Registration (Zhong Shi Xie Zhu No. [2016] SCP206) issued by the National Association of Financial Market Institutional Investors on 28 July 2016. On 20 June 2018, the Company completed the issuance of the first tranche of the super & short-term commercial papers of the Company for 2018 (hereinafter referred to as the "Tranche I Super & Short-term Commercial Papers") with issuance amount of RMB1 billion and annual interest rate of 4.3%. The proceeds raised from the Tranche I Super & Short-term Commercial Papers were fully received on the same day. On 3 July 2018, the Company completed the issuance of the second tranche of the super & short-term commercial papers of the Company for 2018 (hereinafter referred to as the "Tranche II Super & Short-term Commercial Papers") with issuance amount of RMB1 billion and annual interest rate of 4.25%. The proceeds raised from the Tranche II Super & Short-term Commercial Papers were fully received on the same day. On 11 July 2018, the Company completed the issuance of the third tranche of the super & short-term commercial papers of the Company for 2018 (hereinafter referred to as the "Tranche III Super & Short-term Commercial Papers") with issuance amount of RMB2 billion and annual interest rate of 4.10%. The proceeds raised from the Tranche III Super & Short-term Commercial Papers were fully received on the same day. The proceeds from Tranche III Super & Short-term Commercial Papers have all been used to supplement the Company's working capital. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2016-033, [CIMC]2018-054, [CIMC]2018-055 and [CIMC]2018-057) on 1 June 2016, 20 June 2018, 3 July 2018 and 11 July 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Chapter VI Significant Events

Summary of significant events	Date of disclosure	Search index of the tentative announcement disclosure website
Consolidation of financial management department and the capital management department, and appointment of the general manager of the consolidated financial management department	15 January 2018	www.cninfo.com.cn www.hkexnews.hk www.cimc.com
Termination on the application for the non-public issuance of A shares	11 January 2018 9 March 2018 26 March 2018	
Issuance of H shares under the general mandate	12 March 2018	
Resignation and appointment of senior management members	27 March 2018	
Changes in accounting policy	27 March 2018	
Proposed amendments to the Articles of Association and the Rules of Procedures for the General Meeting	27 March 2018 9 June 2018 9 June 2018	
Proposed adjustment to the subsidies for independent non-executive directors	27 March 2018 9 June 2018	
Revision of annual caps of the ordinary related party transaction/continuing connected transaction with COSCO SHIPPING Development Co., Ltd. for 2018 and 2019	12 November 2016 27 March 2018 29 March 2018 9 June 2018	
Proposed registration and issuance of medium term notes (including perpetual medium-term notes) and super & short-term commercial papers	23 April 2018 9 June 2018	
Completion of issuance of super & short-term commercial papers	1 June 2016 20 June 2018 3 July 2018 11 July 2018	

Chapter VI Significant Events

XVIII. MATERIAL EVENTS OF SUBSIDIARIES

√ Applicable □ Not Applicable

- On 12 March 2018, upon approval at the 5th meeting in 2018 of the eighth session of the Board of the Company, CIMC Transportation Equipment (International) Holdings Limited, a wholly-owned subsidiary of the Company, disposed of its 44.94382% equity interest in Shouzhong Investment Management Co., Ltd. (首中投資管理有限公司) to Shouzhong (Hong Kong) Limited, a wholly-owned subsidiary of Shougang Concord International Enterprises Company Limited, and Shougang Concord International Enterprises Company Limited shall issue consideration shares to settle the consideration. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2018-014 and [CIMC]2018-016) on 12 March 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
- On 23 April 2018, the transaction of injecting the equity interest in Pteris into CFSE by the Group was completed. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2017-082, [CIMC]2018-009, [CIMC]2018-034 and [CIMC]2018-043) on 4 December 2017, 9 February 2018, 28 March 2018 and 23 April 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).

Summary of significant events	Date of disclosure	Search index of the tentative announcement disclosure website
Disposal of equity interest in an associate (Shouzhong Investment)	12 March 2018	www.cninfo.com.cn www.hkexnews.hk
Completion of the disposal of equity interest in a subsidiary (Pteris) to an associate (CFSE) and increase of equity interest in CFSE	4 December 2017 9 February 2018 28 March 2018 23 April 2018	www.cimc.com

Chapter VI Significant Events

XIX. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

1. CIMC Modern Logistics Development Co., Ltd. as well as Shenzhen CIMC-Tianda Airport Support Co., Ltd. and CIMC Enric (Jingmen) Energy Equipment Co., Ltd., being non-wholly-owned subsidiaries of the Company, proposed to make capital increase to CIMC Finance Company, a wholly-owned subsidiary of the Company, with a total size of RMB649,464,307.58 (hereinafter referred to as the “Capital Increase”). The registered capital of CIMC Finance Company is proposed to increase by RMB420,000,000.00 and the remaining portion exceeding the increased registered capital will all be credited to the capital reserve of CIMC Finance Company. Upon consideration and approval at the 10th meeting in 2018 of the eighth session of the Board of the Company, it is agreed to approve the Capital Increase and waive its preferential subscription right of the Capital Increase. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2018-059 and [CIMC]2018-060) on 20 July 2018, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
2. On 9 August 2018, as considered and approved by the 12th meeting in 2018 of the eighth session of the Board of the Company, the Resolution regarding the Proposed Overseas Listing of CIMC Vehicle (Group) Co., Ltd. was approved. The Company intends to spin off and list its subsidiary CIMC Vehicle (Group) on the Main Board of the Hong Kong Stock Exchange. The independent directors of the eighth session of the Board have expressed their independent opinions on the relevant resolution. The transaction is still pending consideration and approval at the general meeting. On 14 August 2018, the Company published further announcement on preparations relating to the spin-off and overseas listing of a subsidiary of the company on the Hong Kong Stock Exchange. On 14 September 2018, with regards to the preliminary restructuring plan of CIMC Vehicle, the Company published an announcement in relation to the plan of restructuring CIMC Vehicle into a joint stock company with limited liability. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2018-064, [CIMC]2018-067 and [CIMC]2018-078) on 9 August 2018, 14 August 2018 and 14 September 2018, as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
3. On 9 August 2018, Mr. Li Guiping resigned as the Company’s original vice president for work reasons. Upon resignation from the above position, Mr. Li Guiping will still hold his position as a Director, the CEO and president of the Company’s subsidiary CIMC Vehicle (Group). For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) on 9 August 2018 (Announcement No.: [CIMC]2018-065), as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
4. On 7 September 2018, as considered and approved by the 15th meeting in 2018 of the eighth session of the Board of the Company, the Company proposed the public issuance of corporate bonds to qualified investors that meet the relevant requirements under the Measures for the Issuance and Trading of Corporate Bonds. The issuance still needs to be submitted to the general meeting of the Company for consideration and approval and is subject to approval from the CSRC; the plan approved by the CSRC shall be final. The independent directors of the eighth session of the Board have expressed their independent opinions on the relevant resolutions. For relevant information, please refer to the announcement published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company’s website (www.cimc.com) (Announcement No.: [CIMC]2018-074) on 7 September 2018, as well as the relevant announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk).
5. The Company intends to participate in the public tender of the Prince Bay project announced by China Merchants Shekou Industrial Zone Holdings Co., Ltd. on 1 September 2018. Subsequent relevant announcements will be successively published in accordance with the requirements of the Stock Exchange.

XX. INFORMATION REGARDING THE CORPORATE BONDS OF THE COMPANY

The Company has no publicly issued corporate bonds that are listed on stock exchanges, undue as at the date approving the issue of the 2018 interim report or falling due but not fully repaid.

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

I. CHANGES IN SHAREHOLDINGS DURING THE REPORTING PERIOD

1. Changes in Shareholdings

Unit: Shares

	Pre-movement (As at 31 December 2017)		Increase/decrease (+/-)				Post-movement (As at 30 June 2018)			
	Number of shares	Percentage	New issue	Bonus issue	Conversion from reserves	Others	Sub-total	Number of shares	Percentage	
I. Shares with selling restrictions	500,026	0.02%	0	0	0	380,500	380,500	880,526	0.03%	
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%	
2. Shares held by state-owned companies	0	0.00%	0	0	0	0	0	0	0.00%	
3. Shares held by other domestic investors	500,026	0.02%	0	0	0	380,500	380,500	880,526	0.03%	
Including: Shares held by domestic legal person	0	0.00%	0	0	0	0	0	0	0.00%	
Shares held by domestic natural persons	500,026	0.02%	0	0	0	380,500	380,500	880,526	0.03%	
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%	
Including: Shares held by foreign legal person	0	0.00%	0	0	0	0	0	0	0.00%	
Shares held by foreign natural persons	0	0.00%	0	0	0	0	0	0	0.00%	
II. Shares without selling restrictions	2,982,389,110	99.98%	2,067,200	0	0	(380,500)	1,686,700	2,984,075,810	99.97%	
1. RMB-denominated Ordinary Shares (A Shares)	1,265,812,501	42.43%	2,067,200	0	0	(380,500)	1,686,700	1,267,499,201	42.46%	
2. Shares traded in non-RMB currencies and listed domestically	0	0.00%	0	0	0	0	0	0	0.00%	
3. Shares traded in non-RMB currencies and listed overseas (H Shares)	1,716,576,609	57.55%	0	0	0	0	0	1,716,576,609	57.51%	
4. Others	0	0.00%	0	0	0	0	0	0	0.00%	
III. Total shares	2,982,889,136	100.00%	2,067,200	0	0	0	2,067,200	2,984,956,336	100.00%	

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

Reasons for changes in shareholdings

- (1) On 27 March 2018, the Company's senior management Mr. Liu Xuebin and Mr. Yu Ya retired upon expiry of term. As at the end of the Reporting Period, since Mr. Liu Xuebin and Mr. Yu Ya have yet resigned for six months, the 72,000 A shares (including 18,000 circulating shares without selling restrictions) held by Mr. Liu Xuebin and the 100,000 A shares (including 25,000 circulating shares without selling restrictions) held by Mr. Yu Ya were all subject to selling restrictions.
- (2) On 27 March 2018, the Board of the Company agreed to appoint Mr. Huang Tianhua as vice president of the Company, holding 450,000 A shares, of which 75% (namely 337,500 shares) were subject to selling restrictions.
- (3) During the Reporting Period, 1,118,200 options were exercised during the second exercisable period for the First Tranche of Share Option Incentive Scheme, and 949,000 options were exercised during the second exercisable period for the Second Tranche of Share Option Incentive Scheme. 2,067,200 options were exercised in aggregate.

Approval for changes in shareholdings

Applicable Not Applicable

Transfer for changes in shareholdings

Applicable Not Applicable

Effects of changes in shareholdings on financial indicators such as the basic earnings per share and diluted earnings per share, or the net assets per share attributable to ordinary Shareholders of the Company of the previous year or latest period

Applicable Not Applicable

	Item	Pre-movement in shares (RMB/share)	Post-movement in shares (RMB/share)
2017	Basic earnings per share	0.81	0.81
	Diluted earnings per share	0.81	0.81
	Net assets per share attributable to ordinary Shareholders of the Company	10.88	10.88
First half of 2018	Basic earnings per share	0.3061	0.3061
	Diluted earnings per share	0.3038	0.3038
	Net assets per share attributable to ordinary Shareholders of the Company	10.27	10.27

Other matters that the Company deemed necessary to or required by the securities regulatory authority to be disclosed

Applicable Not Applicable

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

2. Changes in Shareholdings with Selling Restrictions

Applicable Not Applicable

Unit: Shares

Name of Shareholders	Number of shares with selling restrictions at the beginning of the period	Number of shares with selling restrictions expired in the period	Increase in number of shares with selling restrictions in the period	Number of shares with selling restrictions at the end of the period	Reasons for selling restrictions	Expiry date of selling restrictions
Mai Boliang (Note 1)	371,026	0	0	371,026	Shares subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies.	Nil
Liu Xuebin (Note 2)	54,000	0	18,000	72,000	Retired on 27 March 2018. As at the date of this Report, since he has yet resigned for six months, shares without selling restrictions held by him were locked.	27 September 2018
Yu Ya (Note 2)	75,000	0	25,000	100,000	Same as above	27 September 2018
Huang Tianhua (Note 3)	0	0	337,500	337,500	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies.	Nil
Total	500,026	0	380,500	880,526	-	-

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

Note (2): The Company's senior management Mr. Liu Xuebin and Mr. Yu Ya retired upon expiry of term. As at the end of the Reporting Period, since Mr. Liu Xuebin and Mr. Yu Ya have yet resigned for six months, the 72,000 A shares held by Mr. Liu Xuebin and the 100,000 A shares held by Mr. Yu Ya were all subject to selling restrictions.

Note (3): During the Reporting Period, the Board of the Company agreed to appoint Mr. Huang Tianhua as vice president of the Company, holding 450,000 A shares, of which 75% (namely 337,500 shares) were subject to selling restrictions.

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

II. ISSUE AND LISTING OF SECURITIES

Applicable Not Applicable

Non-public Offering of A Shares Plan

On 8 April 2016, as considered and approved by the 3rd meeting in 2016 of the seventh session of the Board of the Company, the Company proposed to issue no more than 386,263,593 new A Shares (including 386,263,593 shares) at no less than RMB13.86 per share to no more than 10 qualified investors including domestic institutional investors and individual investors that meet the relevant requirements and conditions, with gross proceeds not exceeding RMB6.0 billion (hereinafter referred to as the "Non-public Issuance of A Shares"). The Non-public Issuance of A Shares was considered and approved at the 2015 annual general meeting, the first 2016 A Shareholders' class meeting and the first 2016 H Shareholders' class meeting of the Company on 31 May 2016. The Company submitted its application for the Non-public Issuance of A Shares to the CSRC on 30 September 2016 and received the "CSRC's Acceptance Notice of the Application for Administrative Permission*" (No. 162937) (《中國證監會行政許可申請受理通知書》(162937號)) and the "Notice regarding CSRC's Feedback on the Review of Administrative Permission Items*" (No.162937) (《中國證監會行政許可項目審查反饋意見通知書》(162937號)) issued by the CSRC on 14 October 2016 and 21 November 2016. Considering that certain matters in the feedback still need to be resolved, the Company applied to the CSRC to cancel the issuance on 17 January 2017. Upon consideration and approval at the 2016 annual general meeting, the first 2017 A Shareholders' class meeting and the first 2017 H Shareholders' class meeting on 9 June 2017, the Company revised its issuance proposal for the Non-public Issuance of A Shares and extended the validity period of the resolution of the shareholders' general meeting as well as the validity period of the mandate for the Board. On 18 December 2017, the Company received the "CSRC's Notice Regarding Resuming Its Review of the Application for Administrative Permission*" (No. 162937) (《中國證監會行政許可申請恢復審查通知書》(162937號)) issued by the CSRC, pursuant to which the CSRC determined to resume its review of the application of the Non-public Issuance of A Shares by the Company. On 11 January 2018, the Company and the relevant intermediaries have provided supplementary information and answers to the questions raised in the "Notice regarding CSRC's Feedback on the Review of Administrative Permission Items*" (No. 162937) (《中國證監會行政許可項目審查反饋意見通知書》(162937號)) issued by the CSRC and received on 21 November 2016 and have made public disclosure on the matters. On 9 March 2018, as it has been almost two years since the Company released the announcement in relation to the proposal of the Non-public Issuance of A Shares, a number of changes took place in the capital market, industry environment and relevant policies while part of the investment items under the original investment project financed by fundraising has been substantially completed. After repeated studies and discussions with the relevant intermediaries, and upon consideration and approval at the 4th meeting in 2018 of the eighth session of the Board of the Company, the Company has determined to terminate the Non-public Issuance of A Shares and apply to the CSRC for the withdrawal of relevant application documents. As at the date of the Report, the application for the termination of review was approved by the CSRC. On 23 March 2018, the Company received the "Notice in Relation to Termination of Review*" ([2018] No. 119) (《終止審查通知書》([2018]119號)) by the CSRC, approving the termination of review on the Non-public Issuance of A Shares. For relevant information, please refer to the announcements published by the Company on China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) (Announcement No.: [CIMC]2016-018, [CIMC]2016-033, [CIMC]2016-061, [CIMC]2016-072, [CIMC]2017-002, [CIMC]2017-024, [CIMC]2017-033, [CIMC]2017-084, [CIMC]2018-002, [CIMC]2018-013 and [CIMC]2018-021) on 9 April 2016, 1 June 2016, 15 October 2016, 22 November 2016, 17 January 2017, 21 April 2017, 9 June 2017, 19 December 2017, 11 January 2018, 9 March 2018 and 26 March 2018, as well as the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). As at the end of the Reporting Period, the Non-public Issuance of A Shares remained terminated.

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

Additional Issuance of H Shares

On 12 March 2018, as considered and approved by the 5th meeting in 2018 of the eighth session of the Board, the Company intends to issue overseas listed foreign shares (namely: H Shares) according to the "Resolution on granting the Board a general mandate to handle matters relating to the issue of shares" considered and approved at the 2016 annual general meeting convened on 9 June 2017. On 28 August 2018, the Company received the Approval on the Issuance of Additional Overseas Listed Foreign Shares by China International Marine Containers (Group) Co., Ltd. (Zheng Jian Xu Ke [2018] No. 1390) (《關於核准中國國際海運集裝箱(集團)股份有限公司增發境外上市外資股的批覆》(證監許可[2018]1390號)) issued by the CSRC, the contents of which are as follows: the CSRC approves the issuance of no more than 343,315,321 additional overseas listed foreign shares, all of which being ordinary shares, with a nominal value of RMB1 per share by the Company. The Company shall facilitate subsequent issuance work in accordance with laws and regulations as well as the requirements of the approved documents, and shall perform its information disclosure obligation in a timely manner in accordance with the progress of relevant matters.

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

III. NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE COMPANY

As at 30 June 2018, the total number of Shareholders of the Company was 83,981, including: 13 holders of H Shares and 83,968 holders of A Shares.

Unit: Shares

Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Shareholdings of the ordinary Shareholders who hold more than 5% or the top ten ordinary Shareholders			Pledged or frozen shares Status	Number
			Number of ordinary shares held at the end of the Reporting Period (Shares)	Changes during the Reporting Period (Shares)	Number of ordinary shares with selling restrictions (Shares)		
Total ordinary Shareholders at the end of the Reporting Period			Total: 83,981 (Including: A Shares: 83,968, H Shares: 13)			Total number of preference Shareholders whose voting rights were restored at the end of the Reporting Period (if any)	
						0	
HKSCC Nominees Limited (Note 1)	Foreign legal person	57.79%	1,725,132,326	(5,406,026)	-	1,725,132,326	-
COSCO Container Industries Limited (Note 2)	Foreign legal person	14.48%	432,171,843	-	-	432,171,843	-
China Securities Finance Corporation Limited	State-owned legal person	2.34%	69,938,808	(7,946,812)	-	69,938,808	-
Central Huijin Asset Management Ltd.	State-owned legal person	1.27%	37,993,800	-	-	37,993,800	-
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	9,252,400	(314,200)	-	9,252,400	-
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	9,211,800	(354,800)	-	9,211,800	-
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.31%	9,150,300	(416,300)	-	9,150,300	-
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	9,094,100	(472,500)	-	9,094,100	-
E Fund – Agricultural Bank – E Fund China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	9,035,599	(468,700)	-	9,035,599	-
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.30%	8,998,000	(568,600)	-	8,998,000	-
Strategic investors or ordinary legal persons who became top ten ordinary Shareholders due to placing of new shares (if any)		Nil					
The relationship or concerted action of the above mentioned Shareholders		Unknown					

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

Shareholdings of top ten ordinary Shareholders without selling restrictions

Name of Shareholders	Number of ordinary shares without selling restrictions held at the end of the Reporting Period	Type of shares	Number
		Type of shares	
HKSCC Nominees Limited (Note 1)	1,716,406,609	Overseas listed foreign shares	1,716,406,609
HKSCC Nominees Limited (Note 1)	8,725,717	RMB-denominated ordinary shares	8,725,717
COSCO Container Industries Limited (Note 2)	432,171,843	RMB-denominated ordinary shares	432,171,843
China Securities Finance Corporation Limited	69,938,808	RMB-denominated ordinary shares	69,938,808
Central Huijin Asset Management Ltd.	37,993,800	RMB-denominated ordinary shares	37,993,800
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	9,252,400	RMB-denominated ordinary shares	9,252,400
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	9,211,800	RMB-denominated ordinary shares	9,211,800
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	9,150,300	RMB-denominated ordinary shares	9,150,300
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	9,094,100	RMB-denominated ordinary shares	9,094,100
E Fund – Agricultural Bank – E Fund China Securities and Financial Assets Management Program	9,035,599	RMB-denominated ordinary shares	9,035,599
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	8,998,000	RMB-denominated ordinary shares	8,998,000
The relationship or concerted action between the top ten Shareholders of circulating shares without selling restrictions, or the top ten Shareholders of circulating shares without selling restrictions and the top ten Shareholders	Unknown		
Explanation on the top ten ordinary Shareholders participating in financing securities business (if any)	Nil		

Note 1: Among holders of H Shares of the Company, shares of unregistered holders were held by HKSCC Nominees Limited on their behalf. As at 30 June 2018, HKSCC Nominees Limited held 1,725,132,326 shares of the Company on our behalf, including 8,725,717 A shares and 1,716,406,609 H shares. The H Shares include (but are not limited to) the 733,691,017 H Shares held by China Merchants Group through its subsidiaries (including China Merchants Industry Holdings Co., Ltd., Soares Limited and China Merchants (CIMC) Investment Limited), and the 245,842,181 H Shares held by China COSCO Shipping through its certain subsidiaries (including 25,322,106 H shares directly held by Long Honour Investments Limited and 220,520,075 H Shares directly held by COSCO Container Industries Limited).

Note 2: As at 30 June 2018, COSCO Container Industries Limited held the above 220,520,075 H Shares of the Company which were registered under HKSCC Nominees Limited (see Note 1 above) and 432,171,843 A shares of the Company.

The top ten ordinary Shareholders and the top ten ordinary Shareholders without selling restrictions did not conduct any agreed repurchase transactions during the Reporting Period.

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

IV. CHANGE OF CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

1. Controlling Shareholders of the Company

Applicable Not Applicable

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

2. De Facto Controller

Applicable Not Applicable

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

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

As far as the Directors are aware, as at 30 June 2018, the persons (other than the Directors, Supervisors or the chief executive of the Company) who had interests or short positions in the shares and underlying shares of the Company which are required to be recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the SFO are as follows:

Name of Shareholder	Nature of shares	Number of shares (Shares)	Capacity	Percentage of such shares in the same class of the issued shares (%)	Percentage of such shares in the total issued shares (%)
China Merchants Group (Note 1)	H Shares	733,691,017 (L)	Interest of corporation controlled by the substantial Shareholder	42.74%	24.58%
China COSCO Shipping (Note 2)	A Shares	432,171,843 (L)	Interest of corporation controlled by the substantial Shareholder	34.07%	14.48%
	H Shares	245,842,181 (L)	Interest of corporation controlled by the substantial Shareholder	14.32%	8.24%
Hony Group Management Limited (Note 3)	H Shares	358,251,896 (L)	Interest of corporation controlled by the substantial Shareholder	20.87%	12.00%
Broad Ride Limited (Note 3)	H Shares	215,203,846 (L)	Beneficial holder	12.54%	7.21%
	H Shares	143,048,050 (L)	Person having security interest in shares	8.33%	4.79%
Promotor Holdings Limited	H Shares	143,048,050 (L)	Beneficial holder	8.33%	4.79%

(L) Long Position

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

- Note 1: China Merchants Group, through its subsidiaries (including China Merchants Industry Holdings Co., Ltd., Soares Limited and China Merchants (CIMC) Investment Limited, etc.), holds an interest in the H shares of the Company, and all the 733,691,017 H shares (long position) are held in the capacity as interest of corporation controlled by the substantial shareholder.
- Note 2: China COSCO Shipping, through its subsidiaries (including China Shipping Group Company, COSCO SHIPPING Development Co. Ltd., Long Honour Investments Limited and COSCO Container Industries Limited, etc.), holds an interest in the A Shares and H Shares of the Company, and 432,171,843 A Shares and 245,842,181 H Shares (long position) are held in the capacity as interest of corporation controlled by the substantial Shareholder.
- Note 3: Hony Group Management Limited, through its certain subsidiaries (including Broad Ride Limited) holds an interest in the H shares of the Company, and 215,203,846 H shares (long position) are held in the capacity as interest of corporation controlled by the substantial shareholder and 143,048,050 H Shares are held in the capacity as person having security interest in shares.

Save as disclosed above and as far as the Directors are aware, as at 30 June 2018, no other person (other than a Director, Supervisor or senior management of the Company) had any interests recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the SFO of Hong Kong.

Information on Substantial Shareholders of the Company:

As at the end of the Reporting Period, the substantial Shareholders of the Company are China Merchants Group and China COSCO Shipping.

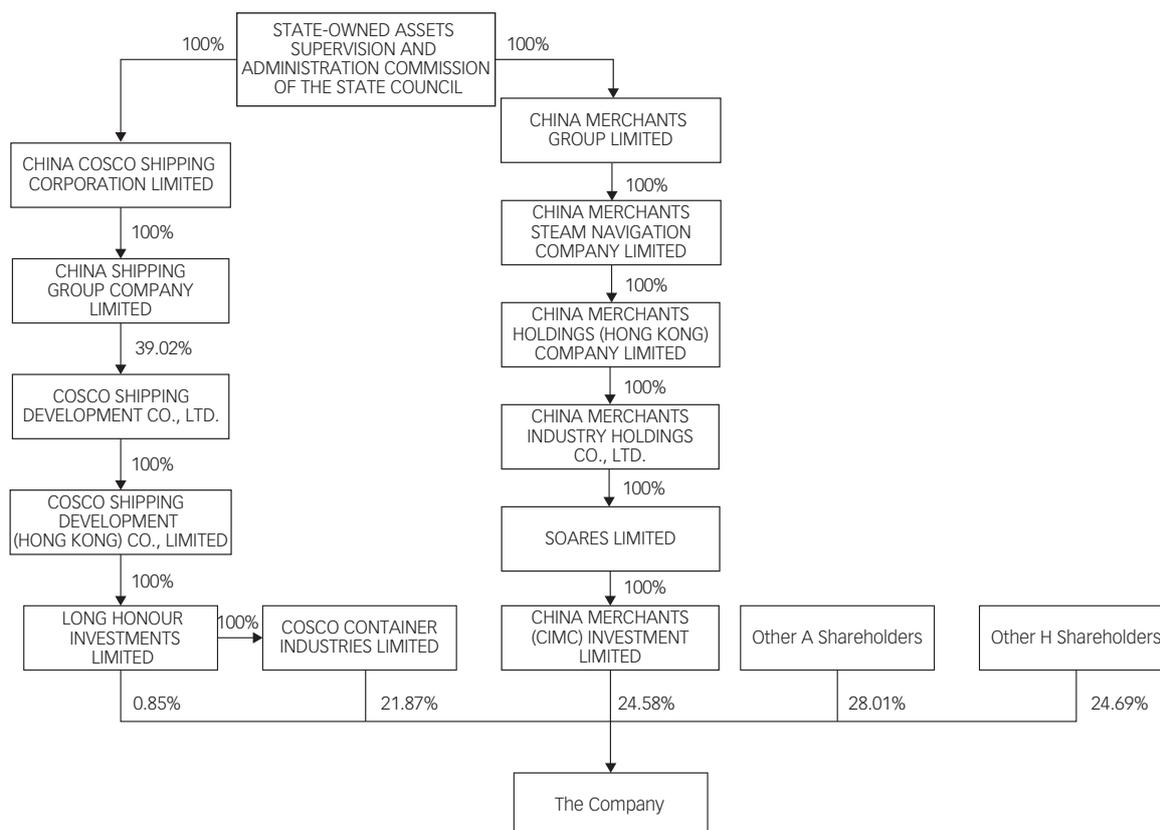
China Merchants Group was incorporated in October 1986 in the PRC. Its registered capital is RMB10.05 billion and its chairman of the board of directors is Mr. Li Jianhong. China Merchants Group's business focuses on three core industries, namely traffic (harbour, highway, shipping and transportation, logistics, ocean engineering and trade), finance (bank, securities, funds and insurance) and real estate (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 at 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 24.58% 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 RMB11.0 billion and its legal representative is Mr. Xu Lirong. China COSCO Shipping takes shipping, integrated logistics and related financial services as the pillar to provide global integrated logistics supply chain services among various industrial clusters. As at the end of the Reporting Period, China COSCO Shipping, the indirect second largest shareholder of the Company, through its subsidiaries (including China Shipping (Group) Company, COSCO SHIPPING Development Co. Ltd., Long Honour Investments Limited and COSCO Container Industries Limited, etc.) held 22.72% 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 of the total issued share capital of the Company (excluding HKSCC Nominees Limited).

Chapter VII Changes in Shareholdings and Information on Substantial Shareholders

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



VI. SUFFICIENCY OF PUBLIC FLOAT

As at the Latest Practicable Date, based on the public information available to the Company and as far as the Board of the Company are aware, the Directors confirm that, the minimum public float of the Company has satisfied the requirements of the Hong Kong Listing Rules.

VII. REPURCHASE, SALE OR REDEMPTION OF SECURITIES

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

VIII. RELEVANT INFORMATION ABOUT PREFERRED SHARES

Applicable Not Applicable

There was no preferred shares in the Company during the Reporting Period.

Chapter VIII Information on Directors, Supervisors and Senior Management

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

Applicable Not Applicable

There was no change on shareholdings of Directors, Supervisors and senior management of the Company during the Reporting Period. For details, please refer to the 2017 Annual Report.

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

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

Name	Position	Type	Date	Reasons
Liu Xuebin	Vice president of the Company	Resignation	27 March 2018	Health reasons
Yu Ya	Vice president of the Company	Retirement upon expiry of term	27 March 2018	Retirement upon expiry of term
Zhang Baoqing	Vice president of the Company	Retirement upon expiry of term	27 March 2018	Retirement upon expiry of term
Gao Xiang	Executive vice president of the Company	Appointment	27 March 2018	Appointment
Li Guiping	Vice president of the Company	Appointment	27 March 2018	Appointment
Huang Tianhua	Vice president of the Company	Appointment	27 March 2018	Appointment
Yu Yuqun	Vice president of the Company and secretary to the Board/Company Secretary	Appointment	27 March 2018	Appointment
Zeng Han	General manager of financial management department	Appointment	15 January 2018	Appointment
Yang Rong	General manager of capital management department	Resignation	8 January 2018	Personal reasons

Chapter VIII Information on Directors, Supervisors and Senior Management

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

On 9 August 2018, the Company's senior management Mr. Li Guiping resigned as vice president of the Company for work reasons. Upon resignation from the above position, Mr. Li Guiping will still hold his position as a Director, the CEO and president in the Company's subsidiary CIMC Vehicle (Group).

There was no change of Directors and Supervisors of the Company during the Reporting Period. For details, please refer to the 2017 Annual Report.

III. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES OF THE COMPANY AND ASSOCIATED CORPORATIONS THEREOF

As at 30 June 2018, the interests and short positions held by the Directors, Supervisors and chief executives of the Company in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) pursuant to Part XV of the SFO which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors or Supervisors of the Company are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register kept by the Company under Section 352 of the SFO, or otherwise required to be notified by the Directors, Supervisors and chief executives to the Company and the Hong Kong Stock Exchange in accordance with the Model Code contained in Appendix 10 of the Hong Kong Listing Rules, were as follows:

Chapter VIII Information on Directors, Supervisors and Senior Management

1. Interest in the Shares of the Company:

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

2. Interest in the Underlying Shares of the Company:

For details of the interests in the underlying shares of the Company held by Directors, Supervisors and the chief executive of the Company as at 30 June 2018, please refer to "XII. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" under "Chapter VI Significant Events" in this Report.

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

Name	Associated corporation	Nature of interest	Number of shares held (shares)	Percentage of such shares in the total issued shares or total equity interest (%)
Mai Boliang	CIMC Enric	Beneficial interest	7,260,000	0.24%

Save as disclosed above, as at 30 June 2018, as far as the Directors of the Company are aware, none of the Directors, Supervisors and the chief executive of the Company held any interest or short position in the shares, underlying shares and debentures (within the meaning of Part XV of the SFO) of the Company and any of its associated corporations, which are required to be notified to the Company and the Hong Kong Stock Exchange under Divisions 7 and 8 of Part XV of the SFO, including interests and short positions which are taken or deemed to have under such provisions of the SFO, or which are required to be recorded in the register required to be kept under Section 352 of the SFO, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange under the Model Code contained in Appendix 10 of the Hong Kong Listing Rules.

IV. CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

There was no change in information of the current Directors and Supervisors of the Company during the Reporting Period. For details, please refer to the 2017 Annual Report.

Chapter IX 2018 Interim Financial Report (Unaudited)

1. AUDIT REPORT

Whether the interim report was audited or not

Yes No

The 2018 Interim Financial Report of the Company has not been audited.

2. FINANCIAL REPORT

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

The financial report for the period from 1 January 2018 to 30 June 2018

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

Chapter IX 2018 Interim Financial Report (Unaudited)

Consolidated Balance Sheet

As at 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 June 2018	31 December 2017	1 January 2017
Assets				
Current assets:				
Cash at bank and on hand	IV.1	5,077,690	5,596,314	6,325,998
Financial assets held for trading	IV.2	205,580	183,303	138,072
Derivative financial assets	IV.3	7,645	11,577	3,088
Notes receivable and accounts receivable	IV.4	20,100,651	17,773,590	13,062,266
Advances to suppliers	IV.5	3,109,220	2,147,721	2,165,982
Other receivables	IV.6	8,738,693	8,283,236	9,399,096
Inventories	IV.7	20,027,718	19,258,327	17,409,515
Contract assets	IV.8	1,534,133	–	–
Assets held for sale	IV.9	197,874	235,309	203,847
Current portion of non-current assets	IV.10	4,115,494	4,314,250	3,941,689
Other current assets	IV.11	999,688	1,198,296	702,478
Total current assets		64,114,386	59,001,923	53,352,031
Non-current assets:				
Financial assets at fair value through profit or loss		–	318,534	325,187
Available-for-sale financial assets		–	441,581	442,726
Other debt investments	IV.12	29,620	–	–
Long-term receivables	IV.13	13,715,337	12,880,540	13,220,242
Long-term equity investments	IV.14	2,450,699	2,398,495	2,162,217
Investments in other equity instruments	IV.15	1,010,240	–	–
Other non-current financial assets	IV.16	424,154	–	–
Investment properties	IV.17	1,681,270	1,679,189	1,752,608
Fixed assets	IV.18	22,836,076	23,088,682	22,167,311
Construction in progress	IV.19	23,466,394	22,194,585	22,769,189
Intangible assets	IV.20	4,620,905	4,711,244	4,654,757
Development costs	IV.21	80,469	67,399	49,990
Goodwill	IV.22	2,105,268	2,112,445	2,127,893
Long-term prepaid expenses	IV.23	242,813	205,239	246,574
Deferred tax assets	IV.24	1,459,102	1,416,637	1,257,670
Other non-current assets	IV.25	31,626	87,886	86,353
Total non-current assets		74,153,973	71,602,456	71,262,717
Total Assets		138,268,359	130,604,379	124,614,748

Chapter IX 2018 Interim Financial Report (Unaudited)

Consolidated Balance Sheet (Continued)

As at 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 June 2018	31 December 2017	1 January 2017
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	IV.28	21,803,302	15,317,347	15,729,787
Derivative financial liabilities	IV.3	165,647	3,025	141,806
Notes payable and accounts payable	IV.29	14,791,978	14,001,767	11,712,533
Advances from customers		–	4,624,088	3,780,694
Contract liabilities	IV.30	5,169,120	–	–
Employee benefits payable	IV.31	2,483,816	2,713,482	2,115,108
Taxes payable	IV.32	1,202,339	1,363,986	1,092,030
Other payables	IV.33	8,384,372	7,486,768	5,474,194
Liabilities held for sale	IV.9	–	14,906	–
Current portion of non-current liabilities	IV.34	3,385,098	4,085,579	3,667,872
Other current liabilities	IV.35	1,015,204	595,907	1,687,762
Total current liabilities		58,400,876	50,206,855	45,401,786
Non-current liabilities:				
Long-term borrowings	IV.36	24,696,783	24,140,168	27,023,222
Debentures payable	IV.37	7,986,500	7,986,500	7,986,500
Including: Perpetual bonds		1,986,500	1,986,500	1,986,500
Long-term payables	IV.38	311,130	361,396	539,076
Provisions	IV.39	1,248,939	1,214,904	847,429
Deferred income	IV.40	854,763	846,232	839,738
Deferred tax liabilities	IV.24	810,039	801,337	657,414
Other non-current liabilities	IV.41	2,313,288	1,809,553	2,184,791
Total non-current liabilities		38,221,442	37,160,090	40,078,170
Total liabilities		96,622,318	87,366,945	85,479,956
Shareholders' equity:				
Share capital	IV.42	2,984,956	2,982,889	2,978,577
Other equity instruments	IV.43	–	2,033,043	2,049,035
Including: perpetual bonds		–	2,033,043	2,049,035
Capital surplus	IV.44	4,249,151	4,209,663	3,126,585
Other comprehensive income	IV.45	453,021	219,303	357,341
Surplus reserve	IV.46	3,281,535	3,281,535	3,279,379
Undistributed profits	IV.47	19,694,345	19,734,494	17,495,053
Total equity attributable to shareholders and other equity holders of the company		30,663,008	32,460,927	29,285,970
Minority interests		10,983,033	10,776,507	9,848,822
Total shareholders' equity		41,646,041	43,237,434	39,134,792
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		138,268,359	130,604,379	124,614,748

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

Legal representative's
authorised person: Mai BoliangThe person in charge of
accounting affairs: Zeng HanThe head of the accounting
department: Zeng Han

Chapter IX 2018 Interim Financial Report (Unaudited)

Balance Sheet

As at 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 June 2018	31 December 2017	1 January 2017
ASSETS				
Current assets:				
Cash at bank and on hand	XVII.1	1,614,782	1,366,876	2,660,222
Other receivables	XVII.2	19,208,880	18,115,511	17,887,234
Other current assets		2,255	5,771	9,272
Total current assets		20,825,917	19,488,158	20,556,728
Non-current assets:				
Available-for-sale financial assets		–	388,905	388,905
Long-term equity investments	XVII.3	10,491,588	9,583,886	9,375,276
Investments in other equity instruments	XVII.4	804,900	–	–
Fixed assets	XVII.5	141,479	144,248	102,372
Construction in progress		66,915	56,326	844
Intangible assets		14,078	14,207	14,466
Long-term prepaid expenses		24,427	29,627	40,730
Deferred tax assets	XVII.14	71,769	73,140	52,280
Total non-current assets		11,615,156	10,290,339	9,974,873
TOTAL ASSETS		32,441,073	29,778,497	30,531,601

Chapter IX 2018 Interim Financial Report (Unaudited)

Balance Sheet (Continued)

As at 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	30 June 2018	31 December 2017	1 January 2017
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings	XVII.6	3,675,000	350,000	2,710,000
Derivative financial liabilities	XVII.7	101	614	65
Employee benefits payable		286,974	291,949	205,760
Taxes payable	XVII.8	8,196	3,094	3,646
Other payables	XVII.9	4,158,309	4,739,876	3,066,559
Provisions		102,524	102,524	79,104
Current portion of non-current liabilities	XVII.10	400,000	1,095,000	800,000
Other current liabilities	XVII.11	1,000,000	–	–
Total current liabilities		9,631,104	6,583,057	6,865,134
Non-current liabilities:				
Long-term borrowings	XVII.12	2,358,000	1,322,000	1,621,000
Debentures payable	XVII.13	7,986,500	7,986,500	7,986,500
Including: perpetual bonds		1,986,500	1,986,500	1,986,500
Deferred income		21,304	25,171	37,429
Other non-current liabilities		–	–	3,296
Total non-current liabilities		10,365,804	9,333,671	9,648,225
Total liabilities		19,996,908	15,916,728	16,513,359
Shareholders' equity:				
Share capital		2,984,956	2,982,889	2,978,577
Other equity instruments		–	2,033,043	2,049,035
Including: perpetual bonds		–	2,033,043	2,049,035
Capital surplus	XVII.15	3,336,904	3,330,895	3,287,149
Other comprehensive income	XVII.16	459,749	43,754	43,754
Surplus reserve		3,281,535	3,281,535	3,279,379
Undistributed profits	XVII.17	2,381,021	2,189,653	2,380,348
Total equity attributable to shareholders		12,444,165	13,861,769	14,018,242
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		32,441,073	29,778,497	30,531,601

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

Legal representative's
authorised person: Mai BoliangThe person in charge of
accounting affairs: Zeng HanThe head of the accounting
department: Zeng Han

Chapter IX 2018 Interim Financial Report (Unaudited)

Consolidated Income Statement

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
I. Revenue	IV.48	43,560,398	33,387,152
Less: Cost of sales	IV.48	37,552,731	27,241,564
Taxes and surcharges	IV.49	229,957	216,183
Sales expenses	IV.50	1,382,057	1,256,253
General and administrative expenses	IV.51	2,072,524	2,079,580
Research and development expenses	IV.52	327,229	288,459
Financial expenses-net	IV.53	392,524	594,251
Including: Interest expense		634,106	522,265
Interest income		(222,248)	(117,661)
Assets impairment losses	IV.55	9,753	4,688
Credit impairment losses	IV.55	74,812	229,749
Add: Other income	IV.56	120,979	91,032
Investment income	IV.57	195,771	(10,628)
Including: Share of investment income of associates and joint ventures		25,375	2,538
Profit arising from changes in fair value	IV.58	(44,497)	(32,626)
Gains on disposals of assets	IV.59	37,319	13,739
II. Operating profit		1,828,383	1,537,942
Add: Non-operating income	IV.60	21,893	53,216
Less: Non-operating expenses	IV.61	20,465	15,016
III. Total profit		1,829,811	1,576,142
Less: Income tax expenses	IV.62	513,854	509,633
IV. Net profit		1,315,957	1,066,509
Classified by business continuity			
Net profit from continuing operations		1,315,957	1,066,509
Net profit from discontinued operations		–	–
Classified by ownership			
Attributable to Shareholders and other equity holders of the Company		965,397	796,898
Minority profit or loss		350,560	269,611

Chapter IX 2018 Interim Financial Report (Unaudited)

Consolidated Income Statement (Continued)

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
V. Other comprehensive income/(losses), net of tax	IV.45	(210,489)	81,627
Attributable to shareholders and other equity holders of the Company		(222,577)	72,424
(I) Items that may not be reclassified to profit or loss		(50,744)	–
Changes in fair value of other investments in equity instruments		(50,744)	–
(II) Items that may be reclassified to profit or loss		(171,833)	72,424
Changes in fair value of other debt investments		1,065	–
Gains or losses from changes in fair value of available-for-sale financial assets-after tax		–	(241)
Cash flow hedge reserve		(2,504)	6,072
Currency translation differences		(170,394)	66,593
Minority interests		12,088	9,203
VI. Total comprehensive income		1,105,468	1,148,136
Attributable to shareholders and other equity holders of the Company		742,820	869,322
Minority interests		362,648	278,814
VII. Earnings per share			
(I) Basic earnings per share (RMB)	IV.63	0.3061	0.2554
(II) Diluted earnings per share (RMB)	IV.63	0.3038	0.2544

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

Legal representative's
authorised person: Mai BoliangThe person in charge of
accounting affairs: Zeng HanThe head of the accounting
department: Zeng Han

Chapter IX 2018 Interim Financial Report (Unaudited)

Income Statement

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
I. Revenue	XVII.18	159,174	96,917
Less: Cost of sales	XVII.18	–	1,452
Taxes and surcharges		2,581	–
General and administrative expenses		130,539	129,167
Financial expenses-net	XVII.19	93,762	296,143
Including: Interest expense		235,069	250,631
Interest income		(105,426)	(162,503)
Add: Other income		6,587	2,211
Investment income	XVII.20	1,084,269	359,040
Profit or loss from changes in fair value	XVII.21	513	1,623
Gains on disposals of assets		26,594	–
II. Operating profit		1,050,255	33,029
Add: Non-operating income	XVII.22	917	21
Less: Non-operating expenses	XVII.23	–	1,746
III. Total profit		1,051,172	31,304
Less: Income tax expenses/(Income)	XVII.24	1,372	2,644
IV. Net profit		1,049,800	28,660
Classified by business continuity			
Net profit from continuing operations		1,049,800	28,660
Net profit from discontinued operations		–	–
V. Other comprehensive income, net of tax	XVII.16	–	–
VI. Total comprehensive income		1,049,800	28,660

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

Legal representative's
authorised person: Mai Boliang

The person in charge of
accounting affairs: Zeng Han

The head of the accounting
department: Zeng Han

Chapter IX 2018 Interim Financial Report (Unaudited)

Consolidated Cash Flow Statement

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		44,450,122	32,885,118
Refund of taxes and surcharges		1,947,132	1,044,746
Cash received relating to other operating activities	IV.64(1)	364,782	709,660
Sub-total of cash inflows		46,762,036	34,639,524
Cash paid for goods and services		41,130,726	29,731,503
Cash paid to and on behalf of employees		3,283,595	3,003,021
Payments of taxes and surcharges		1,393,114	1,050,104
Cash paid relating to other operating activities	IV.64(2)	1,810,840	1,523,112
Sub-total of cash outflows		47,618,275	35,307,740
Net cash inflows from operating activities	IV.65(1)	(856,239)	(668,216)
II. Cash flows from investing activities:			
Cash received from disposal of investments		962,656	600
Cash received from returns on investments		51,338	21,903
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		51,228	37,940
Net cash received to disposal subsidiaries	IV.65(3)	126,743	–
Sub-total of cash inflows		1,191,965	60,443
Cash paid to acquire fixed assets intangible assets and other long-term assets		1,895,414	1,421,152
Cash paid to acquire investments		802,196	142,020
Net cash paid to acquire subsidiaries	IV.65(2)	19,729	5,000
Cash paid relating to other investing activities	IV.64(3)	752,134	–
Sub-total of cash outflows		3,469,473	1,568,172
Net cash outflows from investing activities		(2,277,508)	(1,507,729)

Chapter IX 2018 Interim Financial Report (Unaudited)

Consolidated Cash Flow Statement (Continued)

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
III. Cash flows from financing activities			
Cash received from capital contributions		72,031	33,776
Including: Cash received from capital contributions by minority shareholders of subsidiaries		30,312	25,618
Cash received from borrowings		28,140,054	28,533,395
Cash received relating to other financing activities	IV.64(4)	81,032	4,506
Sub-total of cash inflows		28,293,117	28,571,677
Cash repayments of borrowings		22,228,750	25,735,139
Cash repayments for perpetual bonds		2,000,000	–
Cash payments for distribution of dividends or profits or interest expenses		1,319,124	879,262
Cash paid relating to other financing activities	IV.64(5)	–	81,616
Sub-total of cash outflows		25,547,874	26,696,017
Net cash (outflows)/inflows from financing activities		2,745,243	1,875,660
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(411,327)	(97,959)
V. Net decrease in cash and cash equivalents	IV.65(1)	(799,831)	(398,244)
Add: Cash and cash equivalents at beginning of year		5,442,857	6,338,667
VI. Cash and cash equivalents at end of period	IV.65(4)	4,643,026	5,940,423

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

Legal representative's
authorised person: Mai Boliang

The person in charge of
accounting affairs: Zeng Han

The head of the accounting
department: Zeng Han

Chapter IX 2018 Interim Financial Report (Unaudited)

Cash Flow Statement

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

	Note	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
I. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		160,860	92,944
Cash received relating to other operating activities		7,807,370	2,750,305
Sub-total of cash inflows		7,968,230	2,843,249
Cash paid to and on behalf of employees		61,952	53,410
Payments of taxes and surcharges		30,518	13,625
Cash paid relating to other operating activities		10,749,157	4,157,049
Sub-total of cash outflows		10,841,627	4,224,084
Net cash outflows from operating activities	XVII.25	(2,873,397)	(1,380,835)
II. Cash flows from investing activities			
Cash received from disposal of investments		706,933	6,800,000
Cash received from returns on investments		366,350	275,133
Net cash received from disposal of fixed assets		14,485	–
Net cash received from disposal of subsidiaries		40,000	–
Sub-total of cash inflows		1,127,768	7,075,133
Cash paid to acquire fixed assets, intangible assets and other long-term assets		12,911	24,944
Cash paid to acquire investments		500,000	6,886,616
Sub-total of cash outflows		512,911	6,911,560
Net cash inflows from investing activities		614,857	163,573
III. Cash flows from financing activities			
Cash received from capital contributions		41,719	8,158
Cash received from borrowings		5,517,000	4,070,000
Sub-total of cash inflows		5,558,719	4,078,158
Cash repayments of borrowings		2,851,000	3,720,000
Cash payments for distribution of dividends or profits and interest expenses		200,852	152,617
Cash payments relating to other financing activities		745	–
Sub-total of cash outflows		3,052,597	3,872,617
Net cash inflows from financing activities		2,506,122	205,541
IV. Effect of foreign exchange rate changes on cash and cash equivalents		5,437	(3,909)
V. Net increase/(decrease) in cash and cash equivalents	XVII.25	253,019	(1,015,630)
Add: Cash and cash equivalents at the beginning of the year		335,730	1,715,470
VI. Cash and cash equivalents at the end of the period	XVII.25	588,749	699,840

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

Legal representative's
authorised person: Mai Boliang

The person in charge of
accounting affairs: Zeng Han

The head of the accounting
department: Zeng Han

Chapter IX 2018 Interim Financial Report (Unaudited)

Consolidated Statement of Changes in Shareholders' Equity

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

Item	For the Period from 1 January to 30 June 2018										2017									
	Attributable to shareholders and other equity holders of the Company					Attributable to shareholders and other equity holders of the Company					Attributable to shareholders and other equity holders of the Company					Attributable to shareholders and other equity holders of the 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 at 31 December 2017	2,982,889	2,033,043	4,209,663	219,303	3,281,535	19,734,494	43,237,434	2,978,577	2,049,035	3,126,385	357,341	3,279,379	17,495,053	9,848,822	39,134,792					
Add: changes in accounting policies	-	-	-	456,955	-	(147,114)	284,097	-	-	-	-	-	-	-	-					
II. Balance on 1 January 2018	2,982,889	2,033,043	4,209,663	675,958	3,281,535	19,587,380	43,521,531	2,978,577	2,049,035	3,126,385	357,341	3,279,379	17,495,053	9,848,822	39,134,792					
III. Movements for the period																				
(i) Total comprehensive income	-	51,900	-	-	-	913,497	1,315,957	-	87,808	-	-	-	2,421,434	649,773	3,138,415					
1. Net profit	-	51,900	-	(222,377)	-	913,497	(210,489)	-	87,808	-	(138,038)	-	-	(57,740)	(195,798)					
2. Other comprehensive income	-	-	-	-	-	-	1,025,466	-	-	-	-	-	-	-	-					
Sub-total of 1&2	-	51,900	-	(222,377)	-	913,497	1,105,468	-	87,808	-	(138,038)	-	2,421,434	591,413	2,982,617					
(ii) Capital contribution and withdrawal by owners																				
1. Increase in capital																				
exercised from share option	2,067	-	24,866	-	-	-	26,933	4,312	-	43,746	-	-	-	-	48,058					
exercised by company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
contribution by minority shareholders	-	-	-	-	-	-	46,139	-	-	1,001,904	-	-	-	985,773	1,987,077					
3. Increase in minority interests	-	-	-	-	-	-	7,967	-	-	-	-	-	-	108,582	108,582					
resulted from acquisition or reinstatement of a subsidiary	-	-	-	-	-	-	7,967	-	-	-	-	-	-	-	-					
4. Increase/decrease in capital surplus resulting from acquisition of minority interests of subsidiaries	-	-	2,212	-	-	-	(23,692)	-	-	(64,337)	-	-	-	(117,608)	(181,949)					
5. Disposal of subsidiaries	-	-	28,976	-	-	-	86,154	-	-	89,021	-	-	-	(28,391)	60,630					
6. Disposal of subsidiaries (without loss of control)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
7. Disposal of subsidiaries (loss of control)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
8. Increase in capital resulting from the exercise of share options by subsidiaries	-	-	(1,411)	-	-	-	18,342	-	-	(799)	-	-	-	17,273	16,474					
9. Increase in shareholders' equity resulted from Share-based payments	-	-	2,164	-	-	-	4,435	-	-	10,789	-	-	-	5,535	16,324					
10. Redemption of other equity instruments	-	(1,981,143)	(18,857)	-	-	-	(2,000,000)	-	-	-	-	-	-	-	-					
11. Recognition of the buyback options granted to minority shareholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-					
12. Other comprehensive income charge to retained earnings	-	-	1,538	-	-	-	1,538	-	-	2,754	-	-	-	-	2,754					
(iii) Profit distribution																				
1. Appropriation to surplus reserves	-	-	-	-	-	(806,532)	(1,047,186)	-	-	-	-	2,156	(2,156)	-	-					
2. Profit distribution to shareholders	-	-	-	-	-	-	(240,654)	-	-	-	-	-	(179,837)	(634,084)	(813,901)					
3. Interest paid on other equity instruments	-	(103,800)	-	-	-	-	(103,800)	-	(103,800)	-	-	-	-	-	(103,800)					
IV. Balance at 30 June 2018	2,984,956	-	4,249,151	453,021	3,281,535	19,694,345	41,646,041	2,982,889	2,033,043	4,209,663	219,303	3,281,535	19,734,494	10,776,307	43,237,434					

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

Legal representative's authorised person: Mai Boliang

The person in charge of accounting affairs: Zeng Han

The head of the accounting department: Zeng Han

Chapter IX 2018 Interim Financial Report (Unaudited)

Statement of Changes in Shareholders' Equity

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

Item	From 1 January to 30 June 2018							2017				Total shareholders' equity			
	Note	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity	Share capital	Other equity instruments	Capital surplus		Other comprehensive income	Surplus reserve	Undistributed profits
I. Balance at 31 December 2017		2,982,889	2,033,043	3,330,895	43,754	3,281,535	2,189,653	13,861,769	2,978,577	2,049,055	3,287,149	43,754	3,279,379	2,380,348	14,018,242
Changes in accounting policies		-	-	-	-	-	-	-	-	-	-	-	-	-	-
II. Balance on 1 January 2018		2,982,889	2,033,043	3,330,895	43,754	3,281,535	2,189,653	13,861,769	2,978,577	2,049,055	3,287,149	43,754	3,279,379	2,380,348	14,018,242
III. Movements for the year		-	-	-	-	-	-	-	-	-	-	-	-	-	-
(I) Total comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net profit		-	51,900	-	-	-	997,900	1,049,800	-	87,808	-	-	-	(8,702)	79,106
Other comprehensive income	XVII.16	-	-	-	415,995	-	-	415,995	-	-	-	-	-	-	-
Sub-total of 182		-	51,900	-	415,995	-	997,900	1,465,795	-	87,808	-	-	-	(8,702)	79,106
(II) Capital contribution and withdrawal by owners		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contribution by holders of other equity instruments		-	(1,981,143)	(18,857)	-	-	-	(2,000,000)	-	-	-	-	-	-	-
Increase in capital resulted from share option exercised by company		2,067	-	24,866	-	-	-	26,933	4,312	-	43,746	-	-	-	48,058
(III) Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriation to surplus reserves		-	-	-	-	-	-	-	-	-	-	-	2,156	(2,156)	-
Profit distribution to shareholders		-	-	-	-	-	(806,532)	(806,532)	-	-	-	-	-	(179,837)	(179,837)
Interest paid on other equity instruments		-	(103,800)	-	-	-	-	(103,800)	-	(103,800)	-	-	-	-	(103,800)
III. Balance at 30 June 2017		2,984,956	-	3,336,904	459,749	3,281,535	2,381,021	12,444,165	2,982,889	2,033,043	3,330,895	43,754	3,281,535	2,189,653	13,861,769

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

Legal representative's authorised person: Mai Boliang

The person in charge of accounting affairs: Zeng Han

The head of the accounting department: Zeng Han

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2018
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

I. GENERAL INFORMATION

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

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

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

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

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

This financial statements have been approved for announcement by the Company's Board of Directors on 28 August 2018.

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group makes specific accounting policies and accounting estimates according to characteristics of its business operations, which include impairment of financial assets (Note II.9), the cost of inventories (Note II.10), the criteria for determining impairment of non-current assets (Note II.19), depreciation policy of fixed assets and amortisation policy of intangible assets (Note II.13 and 16), measurement of provisions (Note II.20), measurement model of investment properties (Note II.12) and revenue recognition (Note II.22), etc.

Key judgments applied for critical accounting policies by the Group are disclosed in Note II.33.

1. Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued (hereafter collectively referred to as 'the Accounting Standards for Business Enterprises' or 'CAS') and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting issued by the China Securities Regulatory Commission.

The financial statements are prepared on a going concern basis.

The new "Companies Ordinance" of Hong Kong has commenced operation in 2015. Some notes in this financial statement have been adjusted according to requirements the ordinance.

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

The financial statements of the Company for the period ended 30 June 2018 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as at 30 June 2018 and of their financial performance, cash flows and other information for the period then ended.

3. Accounting year

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

4. Recording currency

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

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

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

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2018
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

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

5. Business combinations

(1) Business combinations involving enterprises under common control

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

(2) Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where 1) the aggregate of the fair value at the acquisition date of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds 2) the acquirer's interest in the fair value at the acquisition date of the acquiree's identifiable net assets, the difference is recognised as goodwill (see Note II.17). When 1) is less than 2), the difference is recognised in profit or loss for the current period. The costs of the issuance of equity or debt securities as a part of the consideration paid for the acquisition are included as a part of initial recognition amount of the equity or debt securities. Other direct acquisition-related costs arising from the business combination are recognised as expenses in the periods in which the costs are incurred. The difference between the fair value and the carrying amount of the assets transferred is recognised in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

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

6. Preparation of consolidated financial statements

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

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement, respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, base on the fair value of those identifiable assets and liabilities at the acquisition date.

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

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

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

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

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2018
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

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

6. Preparation of consolidated financial statements (Continued)

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

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

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

7. Cash and cash equivalents

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

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

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

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

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

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

Monetary items denominated in foreign currencies are translated to functional currency at the spot exchange rate at the balance sheet date. The resulting exchange differences, except for those arising from the principal and interest of specific foreign currency borrowings for the purpose of acquisition, construction or production of qualifying assets (see Note II.15), are recognised in profit or loss. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated to functional currency using the foreign exchange rate at the transaction date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the foreign exchange rate at the date the fair value is determined; the resulting exchange differences are recognised in profit or loss, except for the differences arising from the translation of available-for-sale financial assets, which are recognised as other comprehensive income. The effect of exchange rate changes on cash presented separately in the cash flow statement.

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

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The group recognises a financial asset or a financial liability in its statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument.

(a) Financial Assets

(i) *Classification and measurement*

The group classify financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:(1) the entity's business model for managing the financial assets and (2) the contractual cash flow characteristics of the financial asset.

At initial recognition, financial assets were measured at fair value. For financial assets at fair value through profit or loss, transaction costs shall be directly recognised in profit or loss; for financial assets of other categories, relevant transaction costs shall be recognised in the initial recognised amount. For trade receivables or notes receivables from sale of products or rendering of services which do not include or take into account significant financing components, the Group shall use the consideration amount which the Group expects it is entitled to collect as the initial recognition amount.

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

9. Financial instruments (Continued)

(a) Financial Assets (Continued)

(i) *Classification and measurement (Continued)*

Debt Instruments

Debt Instruments is instruments which meets the definition of financial liability for the issuer. Debt instruments are measured:

At amortised cost

A financial asset shall be measured at amortised cost if both of the following conditions are met:(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The group measure the interest of the financial asset at amortised cost bade on its effective interest rate. Financial assets measured at amortised cost mainly include Cash at bank and on hand, Notes receivable, Accounts receivable, Other receivables, debt investments and Long-term receivables.

Debt investments with maturities no more than one year are classified as other current assets. Long-term receivables and debt investment with maturities over one year but are due within one year(inclusive) at the balance sheet date are classified as the current portion of non-current assets.

At fair value through other comprehensive income

A financial asset shall be measured at fair value through other comprehensive income if both of the following conditions are met:(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets of this category are measured at fair value through other comprehensive income, but the impairment, gain or loss, foreign exchange gain or loss are recognized in profit or loss.

Financial asset measured at fair value through other comprehensive income are presented as other debt investments. Other debt investments with maturities no more than one year are classified as other current assets. Other debt investment with maturities over one year but are due within one year(inclusive) at the balance sheet date are classified as the current portion of non-current assets.

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

9. Financial instruments (Continued)

(a) Financial Assets (Continued)

(i) *Classification and measurement (Continued)*

Debt Instruments (Continued)

At fair value through profit or loss

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.

At initial recognition, the group irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch').

Financial assets at fair value through profit or loss with maturities over one year and expected to be held more than one year at the balance sheet date are classified as other non-current financial assets.

Equity Instruments

The group measure equity instruments on which the group do not have control, joint control and significant influence at fair value through profit or loss and present as financial assets held for trading. Those expected to be held more than one year at the balance sheet date are classified as other non-current financial assets.

Besides, the group designates part of the non-trading equity instrument as financial assets at fair value through other comprehensive income and present as other equity investments and recognize in profit or loss dividends from that investment.

Derivatives

Derivatives are recognized on the date a contract is signed and measured at fair value through profit or loss in initial and subsequent measurement. Derivatives with a positive fair value are classified as assets while derivatives with a negative fair value are classified as liabilities.

Some derivatives are embedded in a hybrid contract, for example, the right to conversion to equity in convertible bond.

If a hybrid contract contains a host that is a financial asset, the group classifies and measures it as a whole. If a hybrid contract contains a host that is not a financial asset, an embedded derivative shall be separated from the host and accounted for as a derivative if, and only if:

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

9. Financial instruments (Continued)

(a) Financial Assets (Continued)

(i) *Classification and measurement (Continued)*

Derivatives (Continued)

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- the hybrid contract is not measured at fair value with changes in fair value recognized in profit or loss.

The group could choose to measure the separated embedded derivatives as at fair value through profit or loss or designate the entire hybrid contract as at fair value through profit or loss.

(ii) *Impairment*

Except for financial assets at fair value through profit or loss, the group recognize a loss allowance for expected credit losses on a financial asset.

The expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights. credit losses are the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (ie all cash shortfalls),discounted at the original effective interest rate.

Accounts receivable:

For accounts receivable, the group uses the simplified approach permitted by CAS 22 to measure the loss allowance at an amount equal to lifetime expected credit losses since initial recognition.

In general, considering the geographical region, business size, type of products, credit rating, and historical collection of payment and allowance losses experience, the group firstly classifies the clients into different categories according to different credit risk characteristics and then assesses the expected credit losses either on an individual or collective basis:

- 1) Accounts receivable with unique characteristics : For example project with large scale, clients with a long-term or abnormal cooperation relationship. Instead of using a provision matrix, the group measure the loss allowance at an amount equal to lifetime expected credit losses since initial recognition according to specific credit risk characteristics of the accounts receivable (credit rating of clients, historical collection of payment and allowance losses experience, industry and business characteristics, etc.).The group re-assesses the change in the remaining lifetime expected credit losses and adjusts the provision accordingly. Credit losses are the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate.

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

9. Financial instruments (Continued)

(a) Financial Assets (Continued)

(ii) *Impairment (Continued)*

Accounts receivable (Continued)

- 2) Other Accounts receivable with general characteristics: The group determines its provision matrix using the historical credit loss experience of accounts receivable with similar credit risk and make necessary adjustment considering the forward-looking information. Depending on the number of days that accounts receivable is past due, the group uses the provision matrix to measure the loss allowance at an amount equal to lifetime expected credit losses since initial recognition and as at each balance sheet date, updates the historical credit losses, analyzes forward-looking estimate, re-assess the rationality of the provision matrix and adjust the provision matrix and recognize provision if necessary.

Contract assets

For contract assets, the group uses the simplified approach permitted by CAS 22 to measure the loss allowance at an amount equal to lifetime expected credit losses. The group determines its provision matrix using the historical credit loss experience of contract asset with similar credit risk and make necessary adjustment considering the forward-looking information. The group updates the historical credit loss experience at each balance sheet date and analyzes change in the forward-looking estimate.

Lease receivable

For lease receivable, the group uses the simplified approach permitted by CAS 22 to measure the loss allowance at an amount equal to lifetime expected credit losses since initial recognition. Calculation method is the probability of a default occurring*default losses rate*default risk exposure.

Other receivable

Credit losses are recognized at initial recognition for other receivable.

If, at the reporting date, the credit risk on other receivable has not increased significantly since initial recognition, the group shall measure the loss allowance for other receivable at an amount equal to 12-month expected credit losses. Increase or reverse of the loss allowance are recognized in profit or loss as impairment loss or gain.

At each reporting date, the group shall measure the loss allowance for other receivable at an amount equal to the lifetime expected credit losses if the credit risk on that other receivable has increased significantly since initial recognition. Increase or reverse of the loss allowance are recognized in profit or loss as impairment loss or gain.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date (or within the estimated lifetime if the estimated lifetime of the other receivable is less than 12 months).

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

9. Financial instruments (Continued)

(a) Financial Assets (Continued)

(ii) *Impairment (Continued)*

Other financial assets

For other financial assets measured at amortised cost and at fair value through other comprehensive income and financial guarantee contracts, the group assesses the expected credit losses considering forward-looking information. At each reporting date, the group recognizes loss allowance depending on whether there have been significant increases in credit risk since initial recognition.

If the credit risk has not increased significantly since initial recognition, the group shall measure the loss allowance at an amount equal to 12-month expected credit losses. If the credit risk has increased significantly since initial recognition, the group shall measure the loss allowance at an amount equal to the lifetime expected credit losses.

(iii) *Derecognition of financial assets*

A financial assets is derecognised when one of the below criteria is met: (1) the contractual rights to receive the cash flows from the financial asset expire;(2) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee;(3) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of other equity instruments,the carrying amount and the consideration received and the cumulative changes in fair value that had been recognised directly in other comprehensive income, is recognised in retained earnings. On derecognition of other financial instruments,the carrying amount and the consideration received and the cumulative changes in fair value that had been recognised directly in other comprehensive income, is recognised in profit or loss.

(b) Financial Liabilities

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

The group's financial liabilities mainly consist of financial liabilities subsequently measured at amortized cost, including notes payables, accounts payable, other payables, borrowings and debentures which are recognized initially at fair value, net of transaction costs incurred and subsequently measured at amortized cost using the effective interest method.

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

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

9. Financial instruments (Continued)

(b) Financial Liabilities (Continued)

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

(c) Determination of fair value

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

(d) Offsetting financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when and only when, the group:

- i. currently has a legally enforceable right to set off the recognized amounts; and
- ii. Intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity shall not offset the transferred asset and the associated liability

10. Inventories

(1) Classification

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

(2) Cost of inventories

Cost of inventories is calculated using the weighted average method.

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

10. Inventories (Continued)

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

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

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

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

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

(4) Inventory system

The Group maintains a perpetual inventory system.

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

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

11. Long-term equity investments

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

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

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

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

11. Long-term equity investments (Continued)

(1) Determination of investment cost

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

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

(2) Subsequent measurement

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

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

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

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

11. Long-term equity investments (Continued)

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

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

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

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

(4) Impairment of the long term equity investment

The carrying amount of long-term equity investments in subsidiaries, joint ventures and associates is reduced to the recoverable amount if the recoverable amount is below the carrying amount (Note II.19).

12. Investment properties

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

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

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

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

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

13. Fixed assets

(1) Recognition

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

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

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

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

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

(2) Depreciation

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives, unless the fixed asset is classified as held for sale (see Note II.26). For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. The estimated useful lives, residual values and depreciation rates of each class of fixed assets are as follows:

Classes	Residual Period (years)	Depreciation value rate (%)	Depreciation rate (%)
Plants and buildings	20-30	10%	3-4.5%
Machinery and equipment	10-12	10%	7.5-9%
Office and other equipment	3-5	10%	18-30%
Motor vehicles	5	10%	18%
Dock, wharf	50	10%	1.8%
Offshore engineering equipment	15-30	10%	3-6%

Estimated useful lives, estimated residual value and depreciation methods are reviewed and adjusted at least at each year-end.

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

13. Fixed assets (Continued)

(3) For the method of impairment testing and measuring, refer to Note II.19.

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

For criteria of recognition and method of measuring for fixed assets under a finance lease, refer to Note II 25(3).

(5) Disposal

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

14. Construction in progress

Construction in progress is measured at actual cost. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note II.15), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is included in construction in progress before it is transferred to fixed asset when it is ready for its intended use. No depreciation is provided against construction in progress. Construction in progress is stated in the balance sheet at cost less impairment losses (see Note II.19).

15. Borrowing costs

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

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

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

- Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- Where funds are borrowed generally and used for the acquisition, construction or production of a qualifying asset, the amount of interest to be capitalised on such borrowings is determined by applying a capitalisation rate to the weighted average of the excess amounts of cumulative expenditures on the asset over the above amounts of specific borrowings. The capitalisation rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

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

15. Borrowing costs (Continued)

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

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

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

16. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note II.19). For an intangible asset with finite useful life, its cost less residual value and impairment loss is amortised on the straight-line method or other more appropriate methods that can reflect the pattern in which the asset's economic benefits are expected to be realised over its estimated useful life, unless the intangible asset is classified as held for sale (see Note II.26).

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

	Amortisation periods (years)
Land use rights	20-50
Maritime space use rights	40-50
Technological know-how and trademarks	3-15
Timber concession rights	20
Customer relationships	4-10
Customer contracts	3-4
Franchise rights	10-18

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

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

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

16. Intangible assets (Continued)

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

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

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

- The development of the product production process has been sufficiently proved by the technical team;
- The budget relating to development of the product production process has been approved by the management;
- Research and analysis of market survey from previous periods show that the products produced under the product production process have market promotion potential;
- There are sufficient technical and financial resources for development activities of the product production process and subsequent large-scale production; and
- The expenditures attributable to the development of the product production process can be collected and calculated reliably.

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

17. Goodwill

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

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note II.19). On disposal of an asset group or combination of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

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

18. Long-term prepaid expenses

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

The amortisation periods for expensed are as follows:

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

19. Impairment of long-term assets

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

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

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

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

20. Provisions and contingent liabilities

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

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

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

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

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

21. Share-based payments

(1) Classification

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

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

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

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

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

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

21. Share-based payments (Continued)

(4) Accounting treatment for share-based payment

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

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

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

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

22. Revenue recognition

Revenue is the gross inflow of economic benefit in the periods arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognized based on the amount of consideration to which an entity expects to be entitled when the customer obtains control of the goods or service.

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

22. Revenue recognition (Continued)

For performance obligation satisfied at a point in time, the group recognizes revenue when a customer obtains control of a promised asset. The group shall consider indicators of the transfer of control, which include, but are not limited to, the following:

- The group has a present right to payment for the asset – if a customer is presently obliged to pay for an asset;
- The group has transferred legal title of an asset – the customer has legal title to the asset;
- The group has transferred physical possession of the asset – the customer' has the physical possession of an asset;
- The group has transferred the significant risks and rewards of ownership of an asset – the customer has the significant risks and rewards of ownership of the asset;
- The customer has accepted the asset;
- Other indicator of the transfer of control.

For performance obligations satisfied over time, the group recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation, unless the progress cannot be measured reasonably. The group uses the input method to measure the progress.

(1) Sale of goods

a) *Containers and airport facilities sales revenue*

The Group recognises revenue after receive acceptance certificates from customers.

b) *Road transportation vehicles and heavy truck sales revenue*

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

c) *Real estate sales revenue*

For real estate sales, the revenue is recognised only when the construction is completed and delivered to the buyer.

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

22. Revenue recognition (Continued)

(2) Rendering of services

a) *Freight agencies*

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

b) *Engineering Contracts*

For Offshore and Energy & chemical & food equipment engineering contracts, revenues are recognized over time by measuring the progress towards complete satisfaction of that performance obligation. The progress is measured by percentage of incurred cost to the estimated total cost. As at every balance sheet date, the group shall re-measure the progress to ensure it is proportionate to the progress in satisfying the performance obligation.

When recognizing revenue over time by measuring the progress towards complete satisfaction of that performance obligation, the group presents any unconditional rights to consideration separately as accounts receivable while the rest will be recognized as contract assets;

If contract consideration for which the entity has received consideration (or an amount of consideration is due) from the customer exceeds the service completed. The excess should be recognized as contract liability. Contract assets and contract liability under the same contract, should be presented as the net amount. Contract costs include incremental costs of obtaining a contract and costs to fulfil a contract. The group recognizes an asset from the costs incurred to fulfil a contract and transfers it to cost of sales from main operations when recognizing revenue. The group recognizes as an asset the incremental costs of obtaining a contract with a customer. The group recognizes the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset is one year or less. Incremental costs of obtaining a contract with amortization period more than a year shall be amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The group recognizes an impairment loss in profit or loss to the extent that the carrying amount of a contract costs recognized exceeds: (a) the remaining amount of consideration that the entity expects to receive in exchange for the goods or services to which the asset relates; less (b) the costs that relate directly to providing those goods or services and that have not been recognized as expenses. As at the balance sheet date, the group presents the cost to fulfill a contract net of the impairment, separately as inventory and other non-current assets, depending on whether the amortization period is more than one year when initially recognized. Incremental costs of obtaining a contract with amortization period more than one year, net of impairment is presented as other non-current assets.

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

23. Employee benefits

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

(1) short-term wages

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

(2) pension benefits

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

Basic pension insurance

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

(3) Enterprise annuities plan

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

The Enterprise annuities plan with payment within one year at the balance sheet date are classified as current liabilities.

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

24. Government grants

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at nil consideration except for the capital contribution from the government as an investor in the Group, including refund of taxes and financial subsidies, etc.. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital contributions, and not regarded as government grants.

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

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

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset by the reasonable and systematic method. For government grants related to income, where the grant is a compensation for related costs or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred, the grant is recognised immediately in profit or loss for the current period or reduces the related costs. The group uses the same method to disclosure government grants in same category.

Government grants related to daily activities are included in operating profits. Government grants that are not related to daily activities are included in non-operating income and expenditure.

For the policy-based preferential interest rate loans received by the Group, the entry value of the borrowings shall be the borrowing amount actually received, and the relevant borrowing costs shall be calculated based on the principal of the borrowings and the policy preferential interest rate. The financial interest subsidy directly received by the Group reduces the relevant borrowing costs.

25. Deferred tax assets and deferred tax liabilities

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible losses and tax credits carry forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or tax loss). No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill.

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

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

At the balance sheet date, the amount of deferred tax recognised is measured based on the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates that are expected to be applied in the period when the asset is recovered or the liability is settled in accordance with tax laws.

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

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

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

- the taxable entity has a legally enforceable right to set off current tax assets against current tax liabilities;
- the deferred income tax assets and deferred income tax liabilities are related to the income tax imposed by the same tax collection and management department on the same tax subject or are related to the income tax collected by different taxpayers, but the subject is intended to be involved in the period of the return of every important deferred income tax assets and liabilities in the future. Net income, assets and liabilities, or assets at the same time.

26. Operation and finance leases

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

(1) Assets acquired under operating leases

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

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

26. Operation and finance leases (Continued)

(2) Assets leased out under operating leases

Fixed assets leased out under operating leases, except for investment properties (see Note II.12) are depreciated in accordance with the Group's depreciation policies described in Note II.13(2). Impairment losses are provided for in accordance with the accounting policy described in Note II.19. Other leased out assets under operating leases are amortised using the straight-line method. Income derived from operating leases is recognised in the income statement using the straight-line method over the lease term. If initial direct costs incurred in respect of the assets leased out are material, the costs are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Otherwise, the costs are charged to profit or loss immediately.

(3) Assets acquired under finance leases

When the Group acquires an asset under a finance lease, the asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments, each determined at the inception of the lease. At the commencement of the lease term, the minimum lease payments are recorded as long-term payables. The difference between the value of the leased assets and the minimum lease payments is recognised as unrecognised finance charges. Initial direct costs that are attributable to a finance lease incurred by the Group are added to the amounts recognised for the leased asset. Depreciation and impairment losses are accounted for in accordance with the accounting policies described in Notes II.13(2) and II.19, respectively.

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

Unrecognised finance charge under finance lease is amortised using an effective interest method over the lease term. The amortisation is accounted for in accordance with principles of borrowing costs (see Note II.15).

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

(4) Assets leased out under finance leases

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

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

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

27. Held for sale and discontinued operations

A non-current asset or a disposal group is classified as held for sale when all of the following conditions are satisfied:

- a. The non-current asset or the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such non-current asset or disposal group;
- b. The Group has entered a legally enforceable sales agreement with other party and obtained relevant approval, and the sales transaction is expected to be completed within one year.

Non-current assets (except for financial assets, investment properties measured at fair value and deferred tax assets) that meet the recognition criteria for held for sale are recognised at the amount equal to the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognised as asset impairment losses.

Such non-current assets and assets and liabilities included in disposal groups classified as held for sale are classified as current assets and current liabilities respectively, and are separately presented in the balance sheet.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and is separately identifiable and satisfies one of the following conditions:

- (a) It represents a separate major line of business or geographical area of operations;
- (b) It is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations;
- (c) It is a subsidiary acquired exclusively with a view to resale.

The net profit from discontinued operations in the income statement includes operating profit or loss and disposal gains or losses of discontinued operations.

28. Hedge accounting

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

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

A hedging instrument is a designated financial asset whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item.

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

28. Hedge accounting (Continued)

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it meets the hedge effectiveness requirement the accounting periods for which the hedging relationship was designated. Hedge ineffectiveness is the extent to which the changes in the fair value or the cash flows of the hedging instrument are greater or less than those on the hedged item. A hedge is regarded as meeting the hedge effectiveness requirement if both of the following conditions are satisfied:

Economic relationship exists between the hedged item and the hedging. The requirement that an economic relationship exists means that the hedging instrument and the hedged item have values that generally move in the opposite direction.

- The credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship must be the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, the designation of the hedging relationship using the same hedge ratio as that resulting from the quantities of the hedged item and the hedging instrument that the entity actually uses shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument that would in turn create hedge ineffectiveness (irrespective of whether recognised or not) that could result in an accounting outcome that would be inconsistent with the purpose of hedge accounting.

Cash flow hedges

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

- the cumulative gain or loss on the hedging instrument from inception of the hedge;
- The cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

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

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

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

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

28. Hedge accounting (Continued)

Cash flow hedges (Continued)

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

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

29. Dividend distribution

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

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

30. Related parties

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

- (a) the Company's parent;
- (b) the Company's subsidiaries;
- (c) enterprises that are controlled by the Company's parent;
- (d) investors that have joint control or exercise significant influence over the Group;

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

30. Related parties (Continued)

- (e) enterprises or individuals if a party has control, joint control over both the enterprises or individuals and the Group;
- (f) joint ventures of the Group, including subsidiaries of joint ventures;
- (g) associates of the Group, including subsidiaries of associates;
- (h) principal individual investors and close family members of such individuals;
- (i) key management personnel of the Group and close family members of such individuals;
- (j) key management personnel of the Company's parent and close family members of such individuals;
- (k) close family members of key management personnel of the Company's parent; and
- (l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

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

- (m) enterprises or persons that act in concert that hold 5% or more of the Company's shares;
- (n) individuals and close family members of such individuals who directly or indirectly hold 5% or more of the Company's shares, supervisors for listed companies and their close family members;
- (o) enterprises that satisfy any of the aforesaid conditions in (a), (c) and (m) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement;
- (p) individuals who satisfy any of the aforesaid conditions in (i), (j) and (n) during the past 12 months or will satisfy them within the next 12 months pursuant to a relevant agreement; and
- (q) enterprises, other than the Company and subsidiaries controlled by the Company, which are controlled directly or indirectly by an individual defined in (i), (j), (n) or (p), or in which such an individual assumes the position of a director or senior executive.

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

31. Segment reporting

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

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

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

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

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

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

32. Significant changes in accounting policies

(a) Revenue

In 2017, the MOF issued the revised Accounting Standards for Business Enterprises No. 14 – Revenue (the “New Revenue Standards”). The Group has adopted the above standards in preparing the 2018 financial statements. The impacts on the financial statements of the Group are set out below:

According to relevant requirements of the New Revenue Standards, for accumulated differences from the first implementation of the standard, the Group has adjusted retained earnings at the beginning of 2018 and the amount of other relevant items in the financial statements. Comparative financial statements of 2017 are not restated.

Changes in accounting policy and reasons thereof	Items affected	Affected amount (increase + decrease -) 1 January 2018
Due to the implementation of the New Revenue Standards, the method of revenue recognition of design projects was changed from performance progress basis to a point when control is transferred	Inventories Accounts receivable Deferred income tax assets Undistributed profits Minority interests	18,720 (28,799) 2,520 (5,333) (2,226)

Compared with the original revenue standard, the impact of the implementation of the New Revenue Standards on relevant items on the financial statements from January to June 2018 is set out below:

Balance sheet items affected	30 June 2018 (increase + decrease -) Affected amount
Contract assets	1,534,133
Inventories	(1,534,133)
Contract liabilities	5,169,120
Advances from customers	(5,169,120)

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

32. Significant changes in accounting policies (Continued)

(b) Financial instruments

In 2017, the MOF promulgated the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets and Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instruments, etc. (hereinafter collectively referred to as the “New Accounting Standards for Financial Instruments”), as well as the Notice on the Revision of the Format for issuing 2018 General Enterprise Financial Statements (Cai Kuai [2018] No. 15) in 2018. The Group has adopted the above standards and notice in preparing the 2018 financial statements. The impacts on the financial statements of the Group are set out below:

- (i) Set out below is the table comparing the results of financial instruments classified and measured in accordance with the original accounting standards for financial instruments and the New Accounting Standards for Financial Instruments as at 1 January 2018:

Original accounting standards for financial instruments			New Accounting Standards for Financial Instruments		
Item	Measurement category	Carrying value	Item	Measurement category	Carrying value
Cash at bank and on hand	Amortised cost	5,596,314	Cash at bank and on hand	Amortised cost	5,596,314
Financial assets at fair value through profit or loss	Measured at fair value through profit or loss	513,414	Financial assets held for trading	Measured at fair value through profit or loss	183,303
			Derivative financial assets	Measured at fair value through profit or loss	11,577
			Other non-current financial assets	Measured at fair value through profit or loss	318,534
Notes receivable and accounts receivable	Amortised cost	17,773,590	Notes receivable and accounts receivable	Amortised cost	17,752,530
			Other current assets	Measured at Fair value through other comprehensive income	21,060
Other receivables	Amortised cost	8,283,236	Other receivables	Amortised cost	8,283,236
Available-for-sale financial assets	Measured at fair value through other comprehensive income (trust wealth management)	408,000	Financial assets held for trading	Measured at fair value through profit or loss	408,000
			Other debt investments	Measured at fair value through other comprehensive income	28,661
	Measured at fair value through other comprehensive income (equity instruments)	3,995	Investments in other equity instruments		869,215
			Measured at cost (equity instruments)	408,925	
Long-term receivables	Amortised cost	12,880,540	Long-term receivables	Amortised cost	12,880,540

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

32. Significant changes in accounting policies (Continued)

(b) Financial instruments (Continued)

As at 30 June 2018 and 1 January 2018, the Group did not have financial assets designated as at fair value through profit or loss.

- (ii) Set out below is the reconciliation of the carrying amount of the original financial assets adjusted to the carrying amount of the New Accounting Standards for Financial Instruments in accordance with the measurement categories under the New Accounting Standards for Financial Instruments as at 1 January 2018:

Measurement categories under the New Accounting Standards for Financial Instruments

	Note
Financial assets measured at amortised cost	Table 1
Financial assets measured at fair value through profit or loss	Table 2
Financial assets measured at fair value through other comprehensive income	Table 3

Table 1: Financial assets measured at amortised cost under the New Accounting Standards for Financial Instruments

	Note	Carrying amount
Cash at bank and on hand		
	31 December 2017	5,596,314
Less: Transferred to financial assets measured at fair value through profit or loss (New Accounting Standards for Financial Instruments)		–
	1 January 2018	5,596,314
Receivables (Note 1)		
	31 December 2017	38,937,366
Less: Transferred to financial assets measured at fair value through other comprehensive income (New Accounting Standards for Financial Instruments)	(1)	(21,060)
Remeasurement: Total expected credit losses		(177,573)
	1 January 2018	38,738,733
Total financial assets measured at amortised cost (New Accounting Standards for Financial Instruments)		44,335,047

Note 1: As at 31 December 2017 and 1 January 2018, the balance of receivables include financial statement items such as notes receivable and accounts receivable, other receivables and long-term receivables.

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

32. Significant changes in accounting policies (Continued)

(b) Financial instruments (Continued)

- (ii) Set out below is the reconciliation of the carrying amount of the original financial assets adjusted to the carrying amount of the New Accounting Standards for Financial Instruments in accordance with the measurement categories under the New Accounting Standards for Financial Instruments as at 1 January 2018: (Continued)

Table 2: Financial assets measured at fair value through profit or loss under the New Accounting Standards for Financial Instruments

		Note	Carrying amount
Financial assets held for trading	31 December 2017		183,303
Add: Transferred from available-for-sale financial assets (original accounting standards for financial instruments)		(2)	408,000
Add: Transferred from cash at bank and on hand (original accounting standards for financial instruments)			–
Add: Transferred from derivative financial assets (original accounting standards for financial instruments)			–
Remeasurement: Changed from amortised cost to fair value	1 January 2018		591,303
Derivative financial assets (including other non-current financial assets)	31 December 2017		330,111
Less: Transferred to financial assets held for trading (New Accounting Standards for Financial Instruments)			–
	1 January 2018		330,111
Total financial assets measured at fair value through profit or loss (New Accounting Standards for Financial Instruments)			921,414

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

32. Significant changes in accounting policies (Continued)

(b) Financial instruments (Continued)

- (ii) Set out below is the reconciliation of the carrying amount of the original financial assets adjusted to the carrying amount of the New Accounting Standards for Financial Instruments in accordance with the measurement categories under the New Accounting Standards for Financial Instruments as at 1 January 2018: (Continued)

Table 3: Financial assets measured at fair value through other comprehensive income under the New Accounting Standards for Financial Instruments

		Note	Carrying amount
Other debt investments			
Add: Transferred from available-for-sale financial assets (original accounting standards for financial instruments)	31 December 2017		–
Add: Transferred from notes receivable and accounts receivable (original accounting standards for financial instruments)		(3)	28,661
Remeasurement: Changed from amortised cost to fair value	1 January 2018		28,661
Investments in other equity instruments	31 December 2017		–
Add: Transferred from available-for-sale financial assets (original accounting standards for financial instruments)			412,920
Remeasurement: Changed from cost to fair value	1 January 2018	(4)	456,295
			869,215
Available-for-sale financial assets (including other current assets)			849,581
Less: Transferred to financial assets measured at fair value through profit or loss from changes in fair value (New Accounting Standards for Financial Instruments)	31 December 2017		(408,000)
Less: Transferred to financial assets measured at amortised cost (New Accounting Standards for Financial Instruments)			(441,581)
Less: Transferred to financial assets measured at fair value through other comprehensive income (New Accounting Standards for Financial Instruments)	1 January 2018	(4)	–
Total financial assets measured at fair value through other comprehensive income (New Accounting Standards for Financial Instruments)			897,876

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

32. Significant changes in accounting policies (Continued)

(b) Financial instruments (Continued)

- (ii) Set out below is the reconciliation of the carrying amount of the original financial assets adjusted to the carrying amount of the New Accounting Standards for Financial Instruments in accordance with the measurement categories under the New Accounting Standards for Financial Instruments as at 1 January 2018: (Continued)

1) *Notes receivable discounted and endorsed*

A subsidiary of the Group discounted and endorsed part of the bank acceptance notes according to its daily fund management needs. Its business model for management of bank acceptance notes includes the objective of collecting contractual cash flows and comprises the objective of disposal, therefore, on 1 January 2018, the Group reclassified the subsidiary's bank acceptance notes of RMB21.060 million to financial assets measured at fair value through other comprehensive income, included it in other current assets.

2) *Available-for-sale financial assets reclassified to financial assets held for trading*

On 31 December 2017, the carrying amount of the trust wealth management product held by the Group amounted to RMB408.000 million. After the Group implemented the New Accounting Standards for Financial Instruments, as trust scheme investments are accounted as debt instruments, its returns depend on the returns of the assets. As its contractual undiscounted cash flows do not represent the objective of collecting contractual cash flows, therefore, on 1 January 2018, the Group reclassified it to financial assets held for trading.

3) *Investments in equity instruments to be designated as financial assets measured at fair value through other comprehensive income*

On 31 December 2017, the Group held unlisted equity investments measured at cost, with a carrying amount of RMB411.990 million and an accumulated impairment provision of RMB3.065 million. On 1 January 2018, for strategic investment considerations, the Group chose to designate the equity investment as financial assets measured at fair value through other comprehensive income and included it in investments in other equity instruments. Accordingly, the group will adjust the difference of RMB456.295 million between the fair value and the original carrying amount to other comprehensive income at the beginning of the period.

4) *Available-for-sale financial assets reclassified to other debt investments*

On 31 December 2017, the carrying amount of the bond investments held by the Group was RMB28.661 million. After the Group implemented the New Accounting Standards for Financial Instruments, as the business model of the bond investments has the objective of collecting contractual cash flows and the objective of disposal, and its contractual cash flows characteristics are consistent with the basic lending arrangement, therefore, on 1 January 2018, the Group reclassified it to other debt investments.

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

32. Significant changes in accounting policies (Continued)

(b) Financial instruments (Continued)

- (iii) Set out below is the reconciliation of the impairment provision of the original financial assets adjusted to loss provision in accordance with requirements under the New Accounting Standards for Financial Instruments as at 1 January 2018:

Measurement category	Provision for losses in accordance with the original accounting standards for financial instruments/ Estimated liabilities recognised based on contingency standards	Reclassification	Remeasurement	Provision for losses in accordance with the New Accounting Standards for Financial Instruments
Financial assets measured at amortised cost –				
Provision for impairment of notes receivable and accounts receivable	757,177	–	79,611	836,788
Provision for impairment of other receivables	396,543	–	61,228	457,771
Provision for impairment of long-term receivables	864,992	–	36,734	901,726
Financial assets at fair value through other comprehensive income –				
Provision for impairment of available-for-sale financial assets	3,065	(3,065)	–	–
Provision for impairment of contract assets	–	32,714	–	32,714
Total	2,021,777	29,649	177,573	2,228,998

- (iv) As a result of the implementation of the New Accounting Standards for Financial Instruments, the Group has adjusted deferred tax assets to RMB12.935 million accordingly. The adjustment has led to an increase in equity attributable to shareholders of the parent company in the consolidated financial statements of the Group by RMB314.514 million, of which undistributed profits decreased by RMB141.781 million, other comprehensive income increased by RMB456.295 million and minority interest decreased by RMB22.858 million.

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

32. Significant changes in accounting policies (Continued)

(c) Format for Financial Statements

The Group prepared its financial statements for the six-month period ended 30 June 2018 pursuant to the Notice on the Revision of the Format for issuing 2018 General Enterprise Financial Statements (Cai Kuai [2018] No. 15) promulgated by the MOF in 2018. The comparative financial statements have been adjusted accordingly and the impacts of which are as follows:

Changes in accounting policy and reasons thereof	Name of affected item in the financial statements	Affected amount	
		31 December 2017	1 January 2017
The Group consolidated notes receivable and accounts receivable and recognised them in notes receivable and accounts receivable.	Notes receivable	(1,376,864)	(1,536,191)
	Accounts receivable	(16,396,726)	(11,526,075)
	Notes receivable and accounts receivable	17,773,590	13,062,266
The Group consolidated interests receivable, dividend receivable and other receivables and recognised them in other receivables.	Interests receivable	(19,092)	(9,250)
	Dividend receivable	(4,408)	(41,959)
	Other receivables	23,500	51,209
The Group consolidated fixed assets and disposal of fixed assets and recognised them in fixed assets.	Fixed assets	147,661	130,050
	Disposal of fixed assets	(147,661)	(130,050)
The Group consolidated notes payable and accounts payable and recognised them in notes payable and accounts payable.	Accounts payable	(12,216,311)	(10,160,951)
	Notes payable	(1,785,456)	(1,551,582)
	Notes payable and accounts payable	14,001,767	11,712,533
The Group consolidated interest payable, dividend payable and other payables and recognised them in other payables.	Interest payable	(377,793)	(303,375)
	Dividend payable	(254,434)	(16,746)
	Other payables	632,227	320,121
The Group consolidated long-term payable and payables for specific projects and recognised them in long-term payable.	Long-term payable	14,127	9,704
	Payables for specific projects	(14,127)	(9,704)

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

32. Significant changes in accounting policies (Continued)

(c) Format for Financial Statements (Continued)

Changes in accounting policy and reasons thereof	Name of affected item in the financial statements	Affected amount Six-month period ended 30 June 2017
The Group listed research and development expenses independently, which was originally recognised in general and administrative expenses.	Research and development expenses General and administrative expenses	288,459 (288,459)

33. Critical accounting estimates and judgements

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

Notes IV.22, IX and XIV contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(1) Measurement of expected credit losses

The group measure the expected credit losses by default risk exposure and expected credit losses rate, which is base on probability of a default occurring and default losses rate. When determining the expected credit losses, the group use historical credit losses experience and adjust the date considering current situation and forward-looking information. Hypothesis related to expected credit losses are regularly monitored and reviewed.

(2) Impairment of long-term assets

As described in Note II.19, long-term assets (including goodwill, fixed assets and vessels under construction) are reviewed at each balance sheet date to determine whether the recoverable amount of the assets is lower than carrying amount. If any indication shows that the carrying amount of the assets may not be fully recovered, the assets are deemed to have been impaired and an impairment loss is recognised.

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

33. Critical accounting estimates and judgements (Continued)

(2) Impairment of long-term assets (Continued)

The recoverable amount of an asset (asset group) is the greater of its fair value less costs of disposal and its present value of expected future cash flows. In assessing value in use, significant judgements are exercised over the asset's production, selling price, related operating expenses and discounting rate to calculate the present value. All relevant materials which can be obtained are used for estimation of the recoverable amount, including the estimation of the production, selling price and related operating expenses based on reasonable and supportable assumption.

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

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

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

(3) Provision for diminution in value of inventories

As described in Note II.10, the net realisable value of inventories is under the Group's regular review, and the loss of diminution in value of inventories is recognised for the excess of the costs of inventories over their net realisable value. When making estimates of net realisable value, the Group takes into consideration the use of inventories held on hand and other information available to form the underlying assumptions, including the inventories' market prices and the Group's historical operating costs. The actual selling price, the costs of completion and the costs necessary to make the sale and relevant taxes may vary based on the changes in market conditions and product saleability, manufacturing technology and the actual use of the inventories, resulting in the changes in provision for diminution in value of inventories. The profit or loss may then be affected in the period when the provision for diminution in value of inventories is adjusted.

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

As described in Note II.13 and 16, fixed assets and intangible assets are depreciated and amortised over their useful lives after taking into account their residual value. The useful lives of the assets are regularly reviewed to determine the depreciation and amortisation costs charged in each reporting period. The useful lives of the assets are determined based on historical experience in similar assets and the estimated technical changes. If there have been significant changes in the factors used to determine the depreciation or amortisation, the rate of depreciation or amortisation is revised prospectively.

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

33. Critical accounting estimates and judgements (Continued)

(5) Warranty provisions

As described in Note IV.35, the Group makes provisions under the warranties it gives on the sale of its products based mainly on the Group's recent claim experience. Because it is possible that the recent claim experience may not be indicative of future claims that the Group will receive in respect of past sales, a considerable level of management's judgement is required and exercised to estimate the provision. Any increase or decrease in the provision will affect profit or loss in future years.

(6) Income taxes

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

The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The Group regularly reassesses the tax implications of such transactions in accordance with updated tax regulations. Deferred tax assets are recognised for deductible tax losses and temporary deductible differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax credits can be utilised, management's judgment is required to assess the probability of future taxable profits. The Group continues to review the judgment on deferred income tax. If it is expected that taxable income will be available in the future, the corresponding deferred income tax assets will be recognised..

(7) Estimation of fair value of investment properties

The Group recognised the fair value of the investment properties based on the valuation conducted by the independent professional valuer or the quotation from the potential independent third party purchaser. To assess the fair value of investment properties, as stated in Note XV, certain significant judgments and assumptions are used.

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III. TAXATION

1. Main taxes categories and rates

Types of tax	Tax basis	Tax rate
Value added tax (VAT)(a)	The output VAT calculated based on taxable income from sales of goods and rendering of service, after subtracting the deductible input VAT of the period, is VAT payable	6%, 10% and 16%
Urban maintenance and construction tax	Business tax payable and VAT payable	7%
Corporate income tax	Taxable income	Note 1
The Netherlands/ Australian service tax	Calculated based on revenue arising from sales of goods and rendering of service, less deductible or refundable taxes for purchase of goods	10-19%

- (a) Pursuant to "Notice on adjustment of Value Added Tax rate" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2018] No.32), Since May 1, 2018, the Group's transportation and energy equipment (containers and vehicles) manufacturing business and financial leasing business are subject to a tax rate of 16%; the real estate leasing, transportation and real estate development business are subject to a tax rate of 10%; modern services such as logistics and ancillary services, yard service and financial services are subject to a tax rate of 6%.

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

	2018	2017
The Company	25%	25%
Subsidiaries registered in China	15-25%	15-25%
Subsidiaries registered in Hong Kong	16.5-25%	16.5-25%
Subsidiaries registered in British Virgin Islands	-	-
Subsidiary registered in US	15-36.65%	15-36.65%
Subsidiary registered in Germany	15.83-31.6%	15.83-31.6%
Subsidiary registered in Britain	19%	19%
Subsidiary registered in Australia	30%	30%
Subsidiary registered in the Netherlands	25%	25%
Subsidiary registered in Belgium	34%	34%
Subsidiary registered in Denmark	22%	22%
Subsidiary registered in Poland	19%	19%
Subsidiary registered in Thailand	20%	20%
Subsidiary registered in Singapore	17%	17%
Subsidiary registered in Sweden	22%	22%
Subsidiary registered in Cayman Islands	-	-
Subsidiary registered in Malaysia	24%	24%
Subsidiary registered in Luxembourg	27.08%	27.08%

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III. TAXATION (CONTINUED)

2. Preferential tax treatments

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

	Name of subsidiary	Local statutory tax rate	Preferential rate	Reasons
1	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2015 which was entitled to a preferential rate of 15%
2	Xinhui CIMC Special Transportation Equipment Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
3	Yangzhou Runyang Logistic Equipment Co., Ltd	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
4	Yangzhou Tonglee Reefer Container Co., Ltd.	25%	15%	Recognised as a high-tech enterprise in 2015 which was entitled to a preferential rate of 15%
5	Shenzhen CIMC Special Vehicle Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
6	Zhumadian CIMC Huajun Vehicle Trading Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2015 which was entitled to a preferential rate of 15%
7	Wuhu CIMC Ruijiang Automobile CO LTD	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
8	Luoyang CIMC Lingyu Automobile CO., LTD.	25%	15%	Recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
9	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
10	Enric (Bengbu) Compressor Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
11	Shijiazhuang Enric Gas Equipment Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
12	Enric (Langfang) Energy Equipment Integration Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2015 which was entitled to a preferential rate of 15%
13	Jingmen Hongtu Special Aircraft Manufacturing Co., Ltd	25%	15%	Continuing to be recognised as a high-tech enterprise in 2015 which was entitled to a preferential rate of 15%

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III. TAXATION (CONTINUED)

2. Preferential tax treatments (Continued)

	Name of subsidiary	Local statutory tax rate	Preferential rate	Reasons
14	Nantong CIMC Tank Equipment Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2015 which was entitled to a preferential rate of 15%
15	Liaoning CIMC Hashenleng Gas Liquefaction Plant Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2015 which was entitled to a preferential rate of 15%
16	Nantong CIMC Energy Equipment Co, Ltd	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
17	Enric (Nantong) CIMC Food Equipment Co., Ltd.	25%	15%	Recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
18	Shenzhen CIMC – Tianda Airport Support Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
19	Xinfa Airport Equipment Ltd.	25%	15%	Recognised as a high-tech enterprise in 2015 which was entitled to a preferential rate of 15%
20	Shenzhen CIMC Tianda Logistics Systems Engineering Co., Ltd	25%	15%	Recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
21	Shenzhen CIMC Intelligent Technology Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%
22	Hunan CIMC Bamboo Industry Development Co., Ltd.	25%	15%	Continuing to be recognised as a high-tech enterprise in 2017 which was entitled to a preferential rate of 15%

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

	30 June 2018	31 December 2017
Cash on hand	3,743	4,406
Bank deposits	4,435,440	4,863,666
Other cash balances	638,507	728,242
Total	5,077,690	5,596,314
Including: cash abroad	2,058,834	3,149,051

As at 30 June 2018, restricted cash at bank and on hand of the Group amounted to RMB1,022,375,000 (31 December 2017: RMB1,353,836,000), refer to Note IV.27 for details.

As at 30 June 2018, restricted cash at bank and on hand of the Group mentioned above included deposits of Finance Company in the People's Bank of China, amounting to RMB434,074,000 (31 December 2017: RMB484,672,000). Finance Company is a finance institution authorised by the People's Bank of China.

2. Financial assets Held for trading

	30 June 2018	31 December 2017
Investments in equity instrument held for trading		
– Listed companies	205,580	183,303
	205,580	183,303

The equity instruments held for trading are securities listed on the Stock Exchange of Hong Kong Limited, the fair value of securities is determined based on the closing price of the Stock Exchange of Hong Kong Limited on the last trading day of the period.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Derivative financial assets

	Note	30 June 2018	31 December 2017
1. Derivative financial assets			
– Forward foreign exchange contracts	(1)	6,084	8,078
– Forward foreign option contracts	(2)	1,236	2,135
– Interest rate swap contracts	(3)	325	4
– Hedging Instrument		–	1,360
Total		7,645	11,577
2. Derivative financial liabilities			
– Forward foreign exchange contracts	(1)	109,169	241
– Forward foreign option contracts	(2)	54,791	819
– Currency swap contracts	(4)	–	1,351
– Interest rate swap contracts	(3)	101	614
– Hedging Instrument		1,586	–
Total		165,647	3,025

(1) Forward foreign exchange contracts

As at 30 June 2018, the Group had certain unsettled forward contracts, mainly denominated in US dollars, RMB, Japanese yen, Great Britain pound, Euro and AUD. The nominal value of these contracts amounted to USD501,823,000, RMB238,632,000, JPY1,545,048,000, GBP2,400,000, EUR21,333,000 and AUD1,300,000, respectively (31 December 2017: The nominal value of Forward foreign exchange contracts amounted to USD26,000,000, JPY696,890,000, GBP5,600,000 and EUR7,100,000, respectively).

(2) Foreign exchange option contracts

As at 30 June 2018, the Group had certain unsettled forward contracts, mainly denominated in US dollars, the nominal value of these contracts amounted to USD259,450,000. (31 December 2017: USD41,400,000).

(3) Interest rate swap contracts

As at 30 June 2018, the Group had unsettled interest swap contract denominated in US dollars, with a nominal value amounted to USD1,800,141,000 (31 December 2017: USD1,452,170,000).

(4) Currency swap contracts

As at 30 June 2018, the Group had no unsettled currency swap.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Notes receivable and Accounts Receivable

	30 June 2018	31 December 2017
Notes receivable (a)	1,357,684	1,376,864
Accounts receivable (b)	18,742,967	16,396,726
	20,100,651	17,773,590

(a) Notes receivable

	30 June 2018	31 December 2017
Trade acceptance notes	1,251,599	1,241,308
Bank acceptance notes	106,085	135,556
Less: Provision for bad debts	–	–
	1,357,684	1,376,864

(i) As at 30 June 2018, pledged notes receivable of the Group are as follows:

Bank acceptance notes	71,549
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(b) Accounts receivable

	30 June 2018	31 December 2017
Accounts receivable	19,584,173	17,153,903
Less: Provision for bad debts	(841,206)	(757,177)
	18,742,967	16,396,726

(i) As at 30 June 2018, the combined analysis of the top five accounts receivable balances collected based on default parties is as follows:

	Balance	Amount of provision for bad debts	Total percentage in the balance of accounts receivable
Total amount of the top five accounts receivable balances	3,726,982	–	19.03%

(ii) Accounts receivable derecognised due to transfer of financial assets are as follows:

From January to June 2018, the Group did not have accounts receivable derecognised due to transfer of financial assets (from January to June 2017: Nil).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Notes receivable and Accounts Receivable (Continued)

(c) Provision for bad debts

	30 June 2018	31 December 2017
Provision for bad debts in notes receivable	–	–
Provision for bad debts in accounts receivable	841,206	757,177
	841,206	757,177

(i) As at 30 June 2018, the analysis of notes receivable and accounts receivable of individually impaired provision for bad debts is as follows:

	Book balance	Lifetime expected credit loss rate	Provision for bad debts	Reasons thereof
Container	840,780	14.47%	121,660	
Road transportation vehicle	1,461,944	6.22%	90,883	
Energy, chemical and liquid food equipment	291,864	34.70%	101,276	Loss provision recognised according to the amount of lifetime expected credit losses
Offshore engineering	501,872	0.24%	1,188	
Airport facilities equipment	493,831	4.94%	24,413	
Logistics services	288,991	3.28%	9,476	
Heavy trucks	781,843	4.95%	38,715	
Finance	311,985	3.46%	10,785	
Others	378,136	9.53%	36,022	
	5,351,246	8.12%	434,418	

(ii) As at 30 June 2018, the analysis of notes receivable and accounts receivable of collectively impaired provision for bad debts is as follows:

Combined items – Bank acceptance notes:

As at 30 June 2018, the Group measured provision for bad debts based on the lifetime expected credit losses. The Group considers that the bank acceptance notes do not have significant credit risks and will not cause significant losses due to bank default.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Notes receivable and Accounts Receivable (Continued)

(c) Provision for bad debts (Continued)

(ii) As at 30 June 2018, the analysis of notes receivable and accounts receivable of collectively impaired provision for bad debts is as follows: (Continued)

Combined items – Accounts receivable:

Combined items – Container:

	Book balance	30 June 2018 Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Not overdue	5,962,423	–	–
Overdue for 1-30 days	699,847	–	–
Overdue for 31-90 days	100,876	0.01%	7
Overdue for over 90 days	328,898	7.87%	25,890
	7,092,044		25,897

Combined items – Road transportation vehicle:

	Book balance	30 June 2018 Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Not overdue	1,115,570	–	–
Overdue for 1-30 days	111,024	3.34%	3,709
Overdue for 31-90 days	25,158	11.27%	2,836
Overdue for over 90 days	170,434	43.31%	73,808
	1,422,186		80,353

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Notes receivable and Accounts Receivable (Continued)

(c) Provision for bad debts (Continued)

(ii) As at 30 June 2018, the analysis of notes receivable and accounts receivable of collectively impaired provision for bad debts is as follows: (Continued)

Combined items – Accounts receivable: (Continued)

Combined items – Energy, chemical and liquid food equipment

	Book balance	30 June 2018 Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Not overdue	1,825,119	–	–
Overdue for 1-30 days	336,524	2.95%	9,918
Overdue for 31-90 days	116,746	3.09%	3,611
Overdue for over 90 days	593,990	22.49%	133,559
	2,872,379		147,088

Combined items – Offshore engineering:

	Book balance	30 June 2018 Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Not overdue	17,631	–	–
Overdue for 1-30 days	–	–	–
Overdue for 31-90 days	–	–	–
Overdue for over 90 days	–	–	–
	17,631		–

Combined items – Airport facilities equipment:

	Book balance	30 June 2018 Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Not overdue	555,512	–	–
Overdue for 1-30 days	–	–	–
Overdue for 31-90 days	18,236	–	–
Overdue for over 90 days	301,441	17.05%	51,399
	875,189		51,399

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Notes receivable and Accounts Receivable (Continued)

(c) Provision for bad debts (Continued)

(ii) As at 30 June 2018, the analysis of notes receivable and accounts receivable of collectively impaired provision for bad debts is as follows: (Continued)

Combined items – Accounts receivable: (Continued)

Combined items – Logistics services:

	Book balance	30 June 2018 Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Not overdue	941,121	–	–
Overdue for 1-30 days	34,457	4.88%	1,682
Overdue for 31-90 days	23,969	4.76%	1,141
Overdue for over 90 days	86,170	57.14%	49,234
	1,085,717		52,057

Combined items – Heavy trucks:

	Book balance	30 June 2018 Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Not overdue	292,211	–	–
Overdue for 1-30 days	230,240	16.43%	37,830
Overdue for 31-90 days	2,583	50.02%	1,292
Overdue for over 90 days	11,445	82.87%	9,484
	536,479		48,606

Combined items – Others:

	Book balance	30 June 2018 Provision for bad debts	
	Amount	Lifetime expected credit loss rate	Amount
Not overdue	277,569	–	–
Overdue for 1-30 days	1,317	8.73%	115
Overdue for 31-90 days	–	–	–
Overdue for over 90 days	52,416	2.43%	1,273
	331,302		1,388

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Notes receivable and Accounts Receivable (Continued)

(c) Provision for bad debts (Continued)

(iii) From January to June 2018, the Group's provision for bad debts amounted to RMB42,037,000 (from January to June 2017: RMB79,347,000), of which the provisions for bad debts collected or reversed was RMB36,072,000 (from January to June 2017: RMB53,359,000).

(d) From January to June 2018, the Group's accounts receivable actually written off amounted to RMB985,000 (from January to June 2017: RMB9,312,000).

5. Advances to suppliers

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

	30 June 2018	31 December 2017
Raw material (including equipments for ship under construction)	3,341,660	2,382,879
Cost of ship under construction	61	311
Others	47,678	46,948
Sub-total	3,389,399	2,430,138
Less: provision for doubtful debts	(280,179)	(282,417)
Total	3,109,220	2,147,721

(2) Aging analysis of advances to suppliers is as follows:

	30 June 2018		31 December 2017	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (Inclusive)	2,277,342	67.20%	1,392,338	57.29%
1 to 2 years (Inclusive)	137,766	4.06%	111,465	4.59%
2 to 3 years (Inclusive)	128,896	3.80%	197,438	8.12%
Over 3 years	845,395	24.94%	728,897	30.00%
Sub-total	3,389,399	100.00%	2,430,138	100.00%
Less: provision for doubtful debts	(280,179)	8.27%	(282,417)	11.62%
Total	3,109,220	91.73%	2,147,721	88.38%

The aging is calculated from the date that advances to suppliers is recognised.

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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Advances to suppliers (Continued)

- (3) As at 30 June 2018, the five largest balances of advances to suppliers are analysed as follows, accumulated by arrearage parties:

	Amount	% of total balance
Sum of the five largest advance to suppliers	1,376,073	40.60%

As of December 31, 2017, the total amount of the top five prepayments of the Group was amounted of RMB891,767,000, which accounted for 36.70% of the total prepayments.

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

As at 30 June 2018 and 31 December 2017, there is no advances to suppliers to those company, shareholders of which hold more than 5% (including 5%) of the voting rights of the Company.

6. Other receivables

	30 June 2018	31 December 2017
Receivables arising from financing related parities	1,065,660	395,750
Receivable from equity transfer	3,916,058	4,312,910
Advance payment of equity transfer (i)	178,634	178,634
Loans (ii)	585,836	363,518
Asset purchase under reverse repurchase agreements (iii)	587,711	1,200,379
Security deposit	1,099,075	974,064
Receivables from demolition compensation (iv)	104,513	74,212
Tax refund receivable	412,781	210,685
Interest receivable	4,015	19,092
Dividend receivable	4,408	4,408
Others	1,260,131	946,127
Sub-total	9,218,822	8,679,779
Less: provision for doubtful debts	(480,129)	(396,543)
Total	8,738,693	8,283,236

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

- (i) An indirect wholly-owned subsidiary of Enric, a subsidiary of the Group, CIMC Enric Investment Holdings (Shenzhen) Ltd. (Enric Investment Holdings), entered into an agreement ("Agreement") on 27 August 2015 with SOEG PTE LTD ("SOEG"), Jiangsu Pacific Shipbuilding Group Co., Ltd. ("Jiangsu Pacific") and Evergreen Group Co., Ltd ("Evergreen") (collectively, the "Vendors"), pursuant to which the Vendors agreed to sell and EIH agreed to purchase 100% equity interest in SinoPacific Offshore & Engineering Co., Ltd ("SOE"). Afterwards, Enric, SOE and Evergreen entered into a financial assistance framework agreement ("Financial Assistance Agreement") which governed the financial assistance provided by the Group to SOE in the form of loans and guarantees.

In 2016, Enric announced that the Board considered certain conditions precedent in the Agreement could not be fulfilled and the Vendors had breached certain material terms of the Agreement. EIH delivered termination notices to the Vendors for termination of the Agreement. Enric assessed the prepayments due from the seller and the recoverability of the receivables from Nantong Pacific. As of December 31, 2016, Enric provided a bad debt provision of RMB178,634,000 for the full amount of prepaid consideration paid by the seller and a corresponding provision for bad debts of RMB1,184,281,000 for the amount received from SOE.

In 2017, SOE was taken over by the Nantong Pacific Bankruptcy Liquidation Group (the "Manager") appointed by the Chinese court. Therefore, Enric further accrued impairment provision of approximately RMB105,549,000 and recorded the provision for impairment in the consolidated income statement for the year ended December 31, 2017.

On July 5, 2017, Enric Investment Holdings, SOE and the Manager entered into a restructuring investment agreement ("Reorganization Plan"), pursuant to which Enric Investment Holdings (as a restructured investor) submitted an offer. Through the acquisition of the entire equity interest in Nantong Pacific, Nantong Pacific purchased a major asset with a cash consideration of RMB799,800,000. Subsequently, the reorganization plan was officially approved by the SOE creditors at the creditors' meeting on July 22, 2017 and was officially approved by the Chinese court on August 4, 2017. SOE became a wholly-owned subsidiary of Enric Investment Holdings on August 4, 2017.

- (ii) The borrowings mainly contained Car loan compensation with an amount of RMB122,632,000, interbank borrowings of the Finance Company with an amount of RMB251,431,000 which expired on 3 July, 2018; third party borrowings and petty cash fund for staff.
- (iii) Assets purchased under reverse repurchase agreements mainly contained the interbank pledge-style repo transactions of Finance company, one of the subsidiary of the Group.
- (iv) In order to meet the construction needs of Luo Dian Large-Scale Residential Community project in Baoshan District, Shanghai, Shanghai Reefer Container Co. Ltd, one of the non-wholly-owned subsidiary of the Group, decided to demolish the land, housing, facilities and auxiliary equipment which is located in 6888 Hutai Road, Baoshan District, Shanghai (Land area of 290.55 acres). As at 20 December 2016, a contract named "The demolition compensation agreement of the housing demolition of large residential community in Luo Dian Base" (hereinafter referred to as "compensation agreement") was signed between the SCRC and the Land Reserve Center of Baoshan district, Shanghai (hereinafter referred to as "Baoshan District Land Reserve Center") and the compensation amount agreed was RMB572,258,000. "Property Certificate" and other relevant ownership certificates which are required during the demolition have been signed and submitted on the date of the contract to the relevant departments of Baoshan District Land Reserve Center for them to go through the financial supervision and approval, land acquisition and property rights cancellation procedures. Besides, other substantive obligations agreed have been completed in 2016. As of 30 June 2018, the amount of RMB28,613,000 had not been recovered.

On June 1, 2017, Tianjin Binhai High-tech Industrial Development Zone Land Reserve Center entered into the Tianjin Land Consolidation Reserve Project Compensation Contract with CIMC Beiyang, a wholly-owned subsidiary of the Group, pursuant to which CIMC Beiyang have handed the "Real Estate Ownership Certificate" or other relevant ownership certificates of the demolished properties to the Tianjin Binhai Hi-Tech Industrial Development Zone Land Reserve Center on the date of signing of the contract, which would be submitted to the relevant authorities for fulfilling the financial supervision and approval, land acquisition, and property rights cancellation procedures. The substantive obligations provided in the compensation agreement have also been completed in 2017. As of 30 June 2018, the remaining amount of RMB75,900,000 has not yet been recovered.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(a) As at 30 June 2018, provision for Other receivables in Phase 1 analysed as follows:

	Balance	Expected credit loss rate within 12 months	Provision for bad debts
Provided on the individual basis:			
Receivables arising from financing related parties	1,065,660	0.00%	–
Receivables from share capital increase/share capital transfer	3,916,058	0.00%	–
Loans	413,347	1.07%	4,404
Asset purchased under reverse repurchase agreements	587,711	0.00%	–
Security deposit	1,099,075	2.25%	24,745
Receivables from demolition compensation	104,513	0.00%	–
Tax refund receivables	412,781	0.00%	–
Interest receivable	4,015	0.00%	–
Dividend receivable	4,408	0.00%	–
Others	1,236,418	8.41%	103,937
Total	8,843,986		133,086

(b) As at 30 June 2018, there is no Other receivables in Phase 2.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

(c) As at 30 June 2018, provision for Other receivables in Phase 3 analysed as follows:

	Balance	Expected credit loss rate within 12 months	Provision for bad debts
Provided on the individual basis:			
Advance payment of equity transfer and financial grant	178,634	100.00%	178,634
Loan	172,489	83.92%	144,746
Others	23,713	99.79%	23,663
Total	374,836		347,043

(d) The provision for doubtful debt for the current period amounted to RMB31,709,000. A provision for doubtful debt amounted to RMB2,562,000 has been recovered or reversed. No significant amount is recovered or reversed.

(e) Other receivables written off in current period amounted to RMB6,317,000, no other significant receivables are written off.

(f) As at 30 June 2018, the five largest balances of other receivables are analysed as follows:

	Nature	Book balance	Aging	% of total balance	Provision for doubtful debts
Tianjin Lanshui Offshare Engineering Limited Partnership ("Tianjin Lanshui")	Receivables arising from equity transfer	3,575,000	within 2 year	38.78%	-
Country Garden Holdings Company Limited	Funding	647,857	within 1 year	7.03%	-
Zhenjiang CIMC Embellish Yu Real Estate Co., Ltd ("Embellish Yu Real Estate")	Receivables from Associates	351,930	within 1-3 years	3.82%	-
China Citic Bank	Bond pledge reverse repurchase	251,431	within 1 year	2.73%	-
Huaan Securities Company Limited	Bond pledge reverse repurchase	100,000	within 1 year	1.08%	-
Total		4,926,218		53.44%	-

(g) As at 30 June 2018, there is no government grant recognised by the amount to be received.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories

(1) Inventories are summarised by categories as follows:

	30 June 2018			31 December 2017		
	Book balance	Provision for decline in the value of inventories and for decline in contract execution costs	Net book Value	Book balance	Provision for decline in the value of inventories	Net book Value
Raw materials	4,963,003	(186,229)	4,776,774	3,971,003	(193,787)	3,777,216
Work in progress	3,421,694	(11,831)	3,409,863	3,001,600	(11,537)	2,990,063
Finished goods	4,432,117	(104,345)	4,327,772	4,485,352	(108,174)	4,377,178
Consignment stocks	301,281	(166)	301,115	240,432	(184)	240,248
Spare parts	166,058	(8,315)	157,743	204,266	(7,700)	196,566
Low-valued consumables	38,270	(164)	38,106	30,433	(164)	30,269
Materials in transit	40,049	–	40,049	38,228	–	38,228
Completed properties held for sale	768,587	(7,738)	760,849	824,295	(14,900)	809,395
Properties under development	1,623,444	(4,794)	1,618,650	1,211,786	(4,992)	1,206,794
Offshore engineering equipment	4,608,680	(11,883)	4,596,797	4,540,022	(207)	4,539,815
Amount due from customer for contract work	–	–	–	1,085,269	(32,714)	1,052,555
Total	20,363,183	(335,465)	20,027,718	19,632,686	(374,359)	19,258,327

As at 30 June 2018, the Group's closing balances of inventories included capitalised borrowing cost amounting to RMB320,406,000 (31 December 2017: RMB143,787,000). The interest rate per annum at which the borrowing costs were capitalised was 4.93% (Jan to June 2017:3.39%).

As at 30 June 2018, there is no restricted inventories (31 December 2017: Nil).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

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

	31 December 2017	Changes in accounting policies	1 January 2018	Increase in current period	Decrease in current period	30 June 2018
Raw materials	3,971,003	–	3,971,003	34,124,698	(33,132,698)	4,963,003
Work in progress	3,001,600	18,720	3,020,320	37,201,533	(36,800,159)	3,421,694
Finished goods	4,485,352	–	4,485,352	36,581,437	(36,634,672)	4,432,117
Consignment stocks	240,432	–	240,432	1,948,379	(1,887,530)	301,281
Spare parts	204,266	–	204,266	346,685	(384,893)	166,058
Low-valued consumables	30,433	–	30,433	153,365	(145,528)	38,270
Materials in transit	38,228	–	38,228	24,044	(22,223)	40,049
Completed properties held for sale	824,295	–	824,295	11,040	(66,748)	768,587
Properties under development	1,211,786	–	1,211,786	872,156	(460,498)	1,623,444
Offshore engineering equipment	4,540,022	–	4,540,022	102,720	(34,062)	4,608,680
Amount due from customer for contract work	1,085,269	(1,085,269)	–	–	–	–
Total	19,632,686	(1,066,549)	18,566,137	111,366,057	(109,569,011)	20,363,183

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

Category	31 December 2017	Changes in accounting policies	1 January 2018	Increase in current period Increase	Decrease in current period		Exchange Differences arising from translating foreign operations	30 June 2018
					Reversal	Write-off		
Raw materials	193,787	–	193,787	872	(15)	(5,606)	(2,809)	186,229
Work in progress	11,537	–	11,537	46	(204)	–	452	11,831
Finished goods	108,174	–	108,174	581	(1,253)	(2,939)	(218)	104,345
Consignment stocks	184	–	184	–	(18)	–	–	166
Spare parts	7,700	–	7,700	708	–	(19)	(74)	8,315
Low-valued consumables	164	–	164	–	–	–	–	164
Completed properties held for sale	14,900	–	14,900	–	(7,162)	–	–	7,738
Properties under development	4,992	–	4,992	–	–	(198)	–	4,794
Offshore engineering equipment	207	–	207	11,726	–	–	(50)	11,883
Amount due from customer for contract work	32,714	(32,714)	–	–	–	–	–	–
Total	374,359	(32,714)	341,645	13,933	(8,652)	(8,762)	(2,699)	335,465

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Inventories (Continued)

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

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

Written off/reversal of provision for decline in value of the Group's inventories during the year is as follows:

Category	Basis for provision	Reason for reversal/write-off
Raw materials	The realisable value is lower than the book value	Inventories used or sold and recovery of realisable value
Work in progress	The realisable value is lower than the book value	Inventories used or sold and recovery of realisable value
Finished goods	The realisable value is lower than the book value	Inventories used or sold and recovery of realisable value
Outside processing materials	The realisable value is lower than the book value	Inventories used or sold and recovery of realisable value
Spare parts	The realisable value is lower than the book value	Inventories used or sold and recovery of realisable value
Real estate completed development products	The realisable value is lower than the book value	Inventories used or sold and recovery of realisable value
Real estate under construction development products	The realisable value is lower than the book value	Inventories used or sold and recovery of realisable value

8. Contract assets

	30 June 2018	31 December 2017
Contract assets	1,549,622	–
Less: provision of contract assets	(15,489)	–
	1,534,133	–

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Assets and liabilities held for sale

	30 June 2018		
	Carrying amount immediately before the classification	Provision for impairment of assets held for sale	Carrying amount
Assets held for sale –			
Cash at bank and on hand	–		
Investment properties	26,401	–	26,401
Fixed assets	86,266	–	86,266
Construction in progress	–		
Intangible assets	85,207	–	85,207
Total	197,874	–	197,874

On November 11, 2016, with the approval of the board of directors, Qinhuangdao Vehicle, a subsidiary of the Group, entered into an irrevocable asset transfer agreement with the Qinhuangdao Economic and Technological Development Zone Land Acquisition and Purchase Center to sell fixed assets amounted 36,377,000 and intangible assets amounted to 74,954,000 and the transfer transaction is expected to be completed in 2017. On November 16, 2016, with the approval of the board of directors, Xinjiang Vehicles, a subsidiary of the Group, signed an irrevocable agreement with the People's Government of Urumqi High-Tech Industrial Development Zone (New City) and the Management Committee of Urumqi New and High-Tech Industrial Development Zone (New City) to sell of investment properties amounted to 26,401,000, fixed assets amounted to 55,892,000 and intangible assets amounted to 10,223,000. The transaction is expected to be completed within 2017. Due to uncontrollable reasons, the above transaction could not be completed within 2017, but the subsidiary will still sell non-current assets. Therefore, it will continue to be classified as held for sale on 30 June 2018, and presented in the current assets of the balance sheet separately.

10. Current portion of non-current assets

	30 June 2018	31 December 2017
Finance leases receivable	5,773,722	6,260,716
Less: unrealised financing income	(1,235,165)	(1,299,850)
Finance leases receivable-net	4,538,557	4,960,866
Entrust loans	159,918	–
Sales of goods by instalments	25,595	30,440
Others	9,906	2,930
Sub-total	4,733,976	4,994,236
Less: provision for impairment	(618,482)	(679,986)
Total	4,115,494	4,314,250

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Other current assets

	30 June 2018	31 December 2017
Tax deductible/withheld	957,244	753,612
Available-for-sale financial assets	–	408,000
Note receivable	19,000	
Others	23,444	36,684
Total	999,688	1,198,296

As at 30 June 2018, outstanding notes receivable endorsed by the Group are as follows:

	Derecognised	Not Derecognised
Bank acceptance notes	3,684,984	19,000
Trade acceptance notes	48,860	–
Total	3,733,844	19,000

12. Other Debt Investment

	30 June 2018	31 December 2017
Debt instrument Investments	29,620	–
	29,620	–
Including:		
– cost	31,604	–
– accumulated fair value movement	(1,984)	–
	29,620	–

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Long-term receivables

	30 June 2018	31 December 2017
Finance Leases receivable	20,169,825	20,223,046
Less: Unrealised financing income	(6,485,363)	(7,514,064)
Finance leases receivable-net	13,684,462	12,708,982
Sales of goods by instalments	67,159	83,048
Others	281,622	273,516
Sub-total	14,033,243	13,065,546
Less: provision for impairment	(317,906)	(185,006)
Total	13,715,337	12,880,540

At at 30 June 2018, there is no long-term receivables due from shareholders holding more than 5% (inclusive) of the voting rights of the company or related parties. (31 December 2017: Nil)

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

	30 June 2018	31 December 2017
Minimum lease receipts		
Within 1 year (inclusive)	5,773,722	6,260,716
1 and 2 years (inclusive)	3,901,812	3,240,272
2 and 3 years (inclusive)	2,202,144	2,254,953
Over 3 years	14,269,569	14,727,821
Sub-total	26,147,247	26,483,762
Less: unrealised finance income	(7,720,528)	(8,813,914)
Total	18,426,719	17,669,848

As at 30 June 2018, the long-term receivables derecognised due to transferring of financial assets in current period is Nil (31 December 2017: 1,255,723,000).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term equity investments

(1) Classification of long-term equity investments:

		30 June 2018	31 December 2017
Joint ventures	(2)	547,945	525,312
Associates	(3)	1,904,826	1,873,185
		2,452,771	2,398,497
Less: provision for impairment		(2,072)	(2)
Total		2,450,699	2,398,495

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

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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term equity investments (Continued)

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

	31 December 2017	Movement in current period					Change in foreign exchange rates	30 June 2018	Provision for impairment
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared			
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd.	45,328	-	3,763	-	-	-	-	49,091	-
Supercool (Shanghai) Refrigeration Equipment Co. Ltd	1,814	-	-	-	-	-	-	1,814	-
Shanghai Shenyi Special Vehicle Parts Co., Ltd	11,132	-	185	-	-	-	82	11,399	-
NYK Zhenhua logistics (Tianjin) Co. Ltd.	66,134	-	(66)	-	-	-	-	66,068	-
Kawasaki Zhenhua logistics (Tianjin) Co. Ltd.	25,111	-	811	-	-	-	-	25,922	-
Qingdao Jiefeng Baijian Container Maintenance Co.,Ltd.	15,060	-	1,651	-	-	-	111	16,822	-
Dalian Jilong&Baijian Logistics Co., Ltd.	5,200	-	520	-	-	-	46	5,766	-
Shanghai Baijian Dewei Container Maintenance Co., Ltd.	30,925	-	2,387	-	-	-	253	33,565	-
Tianjin Jinshi Baijian Container Maintenance Co., Ltd.	7,226	-	346	-	-	-	37	7,609	-
Y&C Engine Co.,Ltd	212,776	-	12,908	-	-	-	-	225,684	-
Shenzhen CIMC Mobile International Service Co.,Ltd	78	-	(78)	-	-	-	-	-	-
Ningbo Meishan Bonded Port Area Chuangzhi Liancheng Investment Management Partnership (Limited Partnership)	52,073	-	(503)	-	-	-	-	51,570	-
Hangzhou Yinghe Investment Management Partnership	-	-	-	-	-	-	-	-	-
Hangzhou Xinwei Investment Management Partnership	21,083	-	(207)	-	-	-	-	20,876	-
New Horizon Shipping UG	31,372	-	-	-	-	-	387	31,759	-
Total	525,312	-	21,717	-	-	-	916	547,945	-

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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term equity investments (Continued)

(3) Long-term equity investments in joint ventures

	31 December 2017	Movement in current period							30 June 2018	Provision for impairment	
		Transfer from associate/ joint venture to subsidiary	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates			Recognized impairment provision
Xinyang Wood Hong Kong Co., Ltd. ("Xinyang Wood")	7,966	-	-	-	-	-	49	-	-	8,015	-
Xiamen CIMC Haitou Container Service Co., Ltd.	23,234	-	-	793	-	-	69	-	-	24,096	-
Dalian Jilong Logistics Co., Ltd.	48,047	-	-	883	-	-	-	307	-	49,237	-
Senju (Jiangmen) Technology Material Co., Ltd.	44,066	-	-	1,299	-	-	-	-	-	45,365	-
Eurotank Oy	8,871	-	(9,555)	684	-	-	-	-	-	-	-
Shanghai Fengyang	111,433	-	-	-	-	-	-	-	-	111,433	-
TSC	193,066	-	-	-	-	-	1,622	-	-	194,688	-
MSC	2	-	-	-	-	-	-	-	-	2	(2)
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	1,777	-	-	17	-	-	-	-	-	1,794	-
LiHua Energy	112,230	-	-	-	-	-	-	-	-	112,230	-
Jiangsu Ruicheng Machinery Co., Ltd. ("Jiangsu Ruicheng")	33,456	-	-	3,077	-	-	-	-	-	36,533	-
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd. ("Kunlun Cryogenic")	2,608	-	-	-	-	-	-	-	(2,070)	538	(2,070)
Opton Inc (Shanghai) ("Opton")	16,422	-	-	-	-	-	-	-	-	16,422	-
Xuzhou CIMC Wood Co., Ltd. ("Xuzhou Wood")	28,311	-	-	88	-	-	-	-	-	28,399	-
Tianjin Shounong Dongjiang Animal Husbandry Co., Ltd.	25,783	-	-	(1,349)	-	-	-	-	-	24,434	-
Qingdao Port International Trade and Logistics Co., Ltd.	45,151	-	-	1,534	-	-	-	-	-	46,685	-
Tianjin Shounong Import & Export Trading Co. Ltd.	21,110	-	-	-	-	-	-	-	-	21,110	-
Jiahua Shipping Co., Ltd. ("Jiahua Shipping")	119,246	-	-	-	-	-	1,485	-	-	120,731	-
Xindu Freight Co., Ltd.	1,132	-	-	144	-	-	(579)	-	-	697	-
Chifeng Lvlianyuan Farm Co., Ltd.	6,296	-	-	-	-	-	-	-	-	6,296	-
CIMC Arabia Factory Company Limited	2,971	-	-	-	-	-	-	-	-	2,971	-
North searigas ltd	12,781	-	-	-	-	-	-	-	-	12,781	-
Ningxia Changming	18,290	-	-	(1,163)	-	-	-	-	-	17,127	-
Chengdu To Communication Equipment Co., Ltd.	2,226	-	-	(173)	-	-	-	-	-	2,053	-
Shenzhen Road Network Technology Co., Ltd. ("Shenzhen Road")	8,230	-	-	-	-	-	-	-	-	8,230	-
Beijing Boxcool Exhibition Co., Ltd.	13,093	-	-	(10)	-	-	-	-	-	13,083	-

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term equity investments (Continued)

(3) Long-term equity investments in joint ventures (Continued)

	31 December 2017	Movement in current period								30 June 2018	Provision for impairment	
		Transfer from associate/ joint venture to subsidiary	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates	Recognized impairment provision			Others
Guangzhou CH Control Technology Co., LTD	26,323	-	-	(195)	-	-	-	-	-	-	26,128	-
China Fire Safety Enterprise Group Limited ("China Fire Safety")	532,763	-	-	-	-	-	-	(5,652)	-	-	527,111	-
Shanghai Tanklink Supply Chain Technology Development Co., Ltd	1,755	-	-	(57)	-	-	-	-	-	-	1,698	-
Zhejiang Xinlong Bamboo Industry Co., Ltd	13,150	-	-	-	-	-	-	-	-	-	13,150	-
Ningguo Guangshen Bamboo Products Co., Ltd ("Ningguo Guangshen")	1,067	-	-	18	-	-	-	-	-	-	1,085	-
Fujian Qingshen Bamboo Industry Co., Ltd. ("Qingshen bamboo industry")	2,988	-	-	721	-	-	-	-	-	-	3,709	-
UC Storage LLC	5,740	-	(5,740)	-	-	-	-	-	-	-	-	-
Jiangsu Baojing Auto Parts Co., Ltd	21,345	-	-	(507)	-	-	-	121	-	-	20,959	-
Mori (Shanghai) International Trade Co., Ltd. ("Mori Shanghai")	909	-	-	57	-	-	-	-	-	-	966	-
Shenzhen Cadro Hydraulic Equipment Co., Ltd. ("Cadro Hydraulic")	19,272	-	-	-	-	-	-	-	-	-	19,272	-
Zhongyi Xinwei	24,364	-	-	1,035	-	-	-	-	-	-	25,399	-
Henan Yida Tianxia Logistics Technology Co., Ltd. ("Henan Yida")	378	-	-	185	-	-	-	-	-	-	563	-
CIMC Lengyun (Beijing) Cold Chain Technology Co., Ltd	1,243	(1,243)	-	-	-	-	-	-	-	-	-	-
Qianhai Ruiji Technology Co., Ltd	4,464	-	2,880	-	-	-	-	-	-	-	7,344	-
Shouzhong Investment Management Co., Ltd	186,028	-	(186,028)	(2,290)	-	-	-	-	-	-	(2,290)	-
Worldlink Yibo (Beijing) International Logistics Co., Limited	3,120	-	-	-	-	-	-	-	-	-	3,120	-
Shenzhen Chaojilanling Network Technology Co., Ltd.	5	-	-	-	-	-	-	-	-	-	5	-
Shanghai Xin Bai Qin Vehicle Co., Ltd	15,980	-	-	270	-	-	-	-	-	-	16,250	-
Shenzhen CIMC Tianyi Investment Managing Partnership, LP.	2,529	-	-	-	-	-	-	-	-	-	2,529	-
Hengqin CIMC Ruide Xinchuang Innovative Venture Capital Fund, LP.	30,539	-	-	-	-	-	-	-	-	-	30,539	-
Shenzhen Xinghuo Chelien Technology Co., Ltd.	1,522	-	-	(319)	-	-	-	-	-	-	1,203	-
Qingdao Port International Trade Logistics Ltd.	8,306	-	-	726	-	-	-	-	-	-	9,032	-
Ningbo Huaxiang Automotive New Material Technology Co., Ltd.	2,398	-	-	(1,772)	-	-	-	-	-	-	626	-
Zhenjiang Shen Xing Tai Bao Technology Co., Ltd.	1,998	-	-	-	-	-	-	-	-	-	1,998	-
Shenzhen Xinhuijijin Investment Partnership (Limited Partnership)	28,774	-	-	-	-	-	-	-	-	-	28,774	-
Cela S. r. L.	19,954	-	-	(921)	-	-	-	-	-	-	19,033	-

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Long-term equity investments (Continued)

(3) Long-term equity investments in joint ventures (Continued)

	31 December 2017	Movement in current period							30 June 2018	Provision for impairment	
		Transfer from associate/ joint venture to subsidiary	Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates			Recognized impairment provision
OOS-International Holding Shenyang Beixin Motor Vehicle Testing Co., Ltd.	2,884	-	-	-	-	-	-	-	-	2,884	-
Shenzhen CIMC Guangda Logistics equity investment fund partnership (limited partnership)	5,589	-	(6,792)	-	-	-	-	-	-	(1,203)	-
Mangrove Capital Global Limited	-	-	80,000	-	-	-	-	-	-	80,000	-
Zhoushan Changhong International Shipyard Co., Ltd. ("Zschship")	-	-	936	-	-	-	-	-	-	936	-
Msc/Mediterranean Shipping Company S.A. (Hong Kong)	-	-	139,000	-	-	-	-	-	-	139,000	-
Hefei Chuangyu Ampere Technology Limited	-	-	16,141	883	-	-	-	-	-	17,024	-
	-	-	3,032	-	-	-	-	-	-	3,032	-
Total	1,873,185	(1,243)	33,874	3,658	-	-	(579)	(1,999)	(2,070)	1,904,826	(2,072)

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

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

As at 30 June 2018 except for Marine Subsea & Consafe and Kunlun Cryogenic there is no need for the Group to recognise provision for long-term equity investments in joint ventures and associates based on the provision testing result that compared the estimated recoverable amount and book value of long-term equity investments in joint ventures and associates (31 December 2017: Nil).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investments in other equity instruments

	30 June 2018	31 December 2017
Investments in other equity instruments		
Company stock-unlisted		
– Bank of Communications Schroder Fund Management Co., Ltd. (“BOCM Schroder”)	236,200	–
– China United International Rail Containers Co., Ltd. (“CR Intermodal”)	568,700	–
– Zhuhai yunzhou-tech Co., Ltd. (“Yunzhou-Tech”)	25,300	–
– Xiangshan Huakin Equity Investment Partnership (Limited Partnership)	10	–
– Dongguang CIMC Apartment Co., Ltd.	1	–
Company stock-listed		
– Shougang Concord International Enterprises Co.,Ltd.	175,819	–
– Otto Energy Limited	4,210	–
	1,010,240	–

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Investments in other equity instruments (Continued)

	30 June 2018	31 December 2017
Bank of Communications Schroder Fund Management Co., Ltd.		
– Cost	8,125	–
– Accumulated changes in fair value	273,775	–
	281,900	–
China United International Rail Containers Co., Ltd.		
– Cost	380,780	–
– Accumulated changes in fair value	142,220	–
	523,000	–
Zhuhai yunzhou-tech Co., Ltd.		
– Cost	20,000	–
– Accumulated changes in fair value	5,300	–
	25,300	–
Xiangshan Huakin Equity Investment Partnership (Limited Partnership)		
– Cost	10	–
– Accumulated changes in fair value	–	–
	10	–
Dongguang CIMC Apartment Co., Ltd.		
– Cost	1	–
– Accumulated changes in fair value	–	–
	1	–
Shougang Concord International Enterprises Co., Ltd.		
– Cost	191,722	–
– Accumulated changes in fair value	(15,903)	–
	175,819	–
Otto Energy Limited		
– Cost	4,582	–
– Accumulated changes in fair value	(372)	–
	4,210	–

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Other non-current financial assets

	Note	30 June 2018	31 December 2017
Derivatives-IRS	IV, 3	424,154	–

17. Investment properties

	Buildings and relevant land use rights	Land use rights	Total
1 January 2017	1,139,285	613,323	1,752,608
Changes in fair value	5,344	–	5,344
Transferred from fixed assets	21,120	–	21,120
Transferred from inventories	90,231	–	90,231
Transferred from construction in progress	34,424	–	34,424
Revaluation gains upon transfers	6,681	–	6,681
Transferred out to other assets	(26,574)	(150,800)	(177,374)
Transferred out	(5,045)	(48,800)	(53,845)
31 December 2017	1,265,466	413,723	1,679,189
1 January 2018	1,265,466	413,723	1,679,189
Exchange differences arising from translating foreign currencies	2,081	–	2,081
30 June 2018	1,267,547	413,723	1,681,270

In the period, capitalised borrowing costs in investment properties are Nil (Jan to June 2017: Nil).

As at 30 June 2018, the buildings with carrying amount of about 322,910,000 (December 31, 2017: RMB216,849,000) had not been entitled the property ownership certificates due to unfinished entitling procedures. The certificate is expected to be granted between 2018 and 2019. As at 30 June 2018, the land use right with carrying amount of 208,760,000 has not been entitled the property ownership certificates (December 31, 2017: RMB208,760,000).

18. Fixed assets

	30 June 2018	31 December 2017
Fixed assets (a)	22,675,284	22,941,021
Disposal of fixed assets (b)	160,792	147,661
Total	22,836,076	23,088,682

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Fixed assets (Continued)

(a) Fixed assets

	Plants and buildings	Machinery and equipment	Office & other equipment	Motor vehicles	Offshore engineering equipment	Dock, wharf	Total
Original cost							
31 December 2017	11,487,473	9,845,355	2,291,556	1,120,789	7,681,718	1,267,335	33,694,226
Additions due to business combination	-	-	432	63	-	-	495
Additions in current period	54,320	101,819	45,444	140,529	15,342	-	357,454
Transfer from construction in progress	34,316	199,906	21,436	15,024	-	-	270,682
Decrease in current period	(164,616)	(87,055)	(25,266)	(30,366)	-	-	(307,303)
Transfer to investment properties	-	-	-	-	-	-	-
Divided into held for sale assets	-	-	-	-	-	-	-
Exchange differences arising from translating foreign currencies	(8,211)	(4,433)	11,561	340	78,733	9,023	87,013
30 June 2018	11,403,282	10,055,592	2,345,163	1,246,379	7,775,793	1,276,358	34,102,567
Accumulated depreciation							
31 December 2017	2,933,679	4,396,754	1,168,294	543,978	1,158,593	261,887	10,463,185
Additions due to business combination	-	-	87	25	-	-	112
Depreciation recognised in current period	165,583	309,504	110,266	56,310	152,003	12,002	805,668
Decrease in current period	(42,482)	(39,942)	(16,613)	(18,660)	-	-	(117,697)
Transfer to investment properties	-	-	-	-	-	-	-
Divided into held for sale assets	-	-	-	-	-	-	-
Exchange differences arising from translating foreign currencies	(1,577)	(3,180)	4,784	55	13,762	2,219	16,063
30 June 2018	3,055,203	4,663,136	1,266,818	581,708	1,324,358	276,108	11,167,331
Provision for impairment							
31 December 2017	239,038	47,689	1,253	2,040	-	-	290,020
Additions due to business combination	-	-	-	-	-	-	-
Impairment recognised in current period	-	-	-	4	-	-	4
Written off on disposal	(21,082)	(5,496)	(98)	-	-	-	(26,676)
Exchange differences arising from translating foreign currencies	(3,372)	(101)	77	-	-	-	(3,396)
30 June 2018	214,584	42,092	1,232	2,044	-	-	259,952
Carrying amount							
30 June 2018	8,133,495	5,350,364	1,077,113	662,627	6,451,435	1,000,250	22,675,284
31 December 2017	8,314,756	5,400,912	1,122,009	574,771	6,523,125	1,005,448	22,941,021

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Fixed assets (Continued)

(a) Fixed assets (Continued)

As of 30 June 2018, the equipment with book value of about RMB255,395,000 (original price of RMB406,211,000) was pledged as long-term payable RMB500,000,000 (31 December 2017: RMB353,331,000). Refer to Note IV. 27 for details.

The equipment with book value of about RMB2,163,000 (original price of RMB2,196,000) was pledged to purchase fixed assets by instalments (31 December 2017: Nil)

In the period, depreciation of fixed assets recognised amounted to 805,668,000 (Jan to June 2017: 916,498,000), of which 674,744,000, 11,133,000 and 119,791,000 (Jan to June 2017: 776,825,000, 9,897,000 and 129,776,000) has been charged in cost of sales, selling and distribution expenses, general and administrative expenses, respectively.

In the period, the original cost of fixed assets transferred from construction in progress is 270,682,000 (Jan to June 2017: 414,166,000).

(1) Temporarily idle fixed assets

As at 30 June 2018, the carrying amount of temporarily idle buildings, machinery and equipment amounts to 318,572,000 (original cost of 514,478,000) (31 December 2017: carrying amount of 148,018,000 and original cost of 214,983,000). The following table presents the detail:

	Original cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	362,278	(106,185)	(6,629)	249,464
Machinery and equipment	112,100	(59,097)	(12,274)	40,729
Transportation	5,987	(3,038)	–	2,949
Office & other equipment	34,113	(8,629)	(54)	25,430
	514,478	(176,949)	18,957	318,572

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Fixed assets (Continued)

(a) Fixed assets (Continued)

(2) *Fixed assets held through finance leases :*

	30 June 2018				31 December 2017			
	Book balance	Accumulated depreciation	Exchange differences arising from translating foreign currencies	Carrying amount	Book balance	Accumulated depreciation	Exchange differences arising from translating foreign currencies	Carrying amount
Buildings	-	-	-	-	-	-	-	-
Machinery & equipment	14,875	(1,415)	(1)	13,459	14,779	(677)	-	14,102
Offshore engineering special equipments	218,603	(98,668)	(2,722)	117,213	33,031	(14,377)	-	18,654
Total	233,478	(100,083)	(2,723)	130,672	47,810	(15,054)	-	32,756

The fixed assets held through finance leases mainly consist of machinery and equipment financial leased by Raffles.

(3) *Fixed assets with certificates of ownership unsettled*

	Carrying amount	Reasons for pending
Factory	369,601	Put to use, certificate being in the progress
Office building	97,342	Put to use, certificate being in the progress
Workshop	327,220	Information updated, being in the progress
Dormitory and Canteen	83,479	Put to use, certificate being in the progress
Warehouse	82,333	Under preparation of reporting materials
Others	72,369	Certificate being in the progress
Total	1,032,344	

(b) Disposal of fixed assets

	30 June 2018	31 December 2017
Buildings	90,238	90,505
Machinery and equipment	69,065	55,833
Transportation	220	56
Office & other equipment	1,269	1,267
Total	160,792	147,661

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Construction in progress

(1) Construction in progress

	30 June 2018			31 December 2017		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Vessels under construction of financing and leasing company	19,295,886	-	19,295,886	18,723,948	-	18,723,948
Raffles H273, H1284 Project	2,828,966	-	2,828,966	2,750,212	-	2,750,212
Zhumadian CIMC Hua Jun Lighthouse project	106,769	-	106,769	76,842	-	76,842
Financial information system construction project	66,004	-	66,004	54,583	-	54,583
Cold Chain Research Institute Project	53,905	-	53,905	50,897	-	50,897
Dongguan Multimodal Transport building project	18,265	-	18,265	18,030	-	18,030
Dongguan Southern CIMC Fenggang preliminary-stage-project	17,534	-	17,534	15,633	-	15,633
Dongguan Southern CIMC Fenggang project	228,065	-	228,065	-	-	-
Enric workshop construction project	17,995	-	17,995	13,678	-	13,678
Ningbo CIMC Renovation project of water-based paint coating line	11,704	-	11,704	11,522	-	11,522
Tianjin CIMC water-based paint coating line	-	-	-	11,414	-	11,414
XHCIMCS Production Line and Power Facilities Reconstruction Project	116,763	-	116,763	5,352	-	5,352
TCCIMC relocation and reconstruction project	4,615	-	4,615	4,615	-	4,615
Dongguan CIMC vehicle logistics equipment project	-	-	-	4,601	-	4,601
Raffles large scale equipment (including 2000T slewing crane)	3,178	-	3,178	3,178	-	3,178
C&C Trucks production equipment project	3,292	-	3,292	1,956	-	1,956
Others	694,773	(1,320)	693,453	449,444	(1,320)	448,124
Total	23,467,714	(1,320)	23,466,394	22,195,905	(1,320)	22,194,585

The carrying amounts of construction in progress at the end of the period included accumulated capitalised borrowing cost of 1,807,840,000 (31 December 2017: 1,548,112,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 4.91% (2017: 3.53%).

As at 30 June 2018, there is no restricted construction in progress of the Group (31 December 2017: Nil).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Construction in progress (Continued)

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

	Budgeted amount	31 December 2017	Current period additions	Transfer to fixed assets	Transfer to investment properties	30 June 2018	Proportion of expenditures incurred to budgeted amount (%)	Progress of construction	Cumulative capitalised interest	Including current period capitalised interest	Interest capitalisation rate (%)	Source of funds	Exchange differences arising from translating foreign currencies
Vessels under construction of financing and leasing company Raffles H273 - H1284 Project	26,683,353	18,723,948	474,682	-	-	19,295,886	92%	28%-100%	1,515,255	194,105	4.91%	Bank Loan	97,256
Zhumadian CIMC Hua Jun Lighthouse project	148,870	76,842	31,737	(1,810)	-	106,769	73%	73%	-	-	0.00%	Self-funding	-
Financial information system construction project	181,160	54,583	11,421	-	-	66,004	36%	36%	-	-	0.00%	Self-funding	-
Cold Chain Research Institute Project	60,000	50,897	3,008	-	-	53,905	90%	90%	-	-	0.00%	Self-funding	-
Dongguan Multimodal Transport building project	22,000	18,030	235	-	-	18,265	83%	83%	-	237	1.30%	Self-funding & bank loan	-
Dongguan Southern CIMC Fenggang preliminary-stage-project	20,500	15,633	1,901	-	-	17,534	86%	80%	-	-	0.00%	Self-funding	-
Dongguan Southern CIMC Fenggang project	1,224,722	-	228,065	-	-	228,065	17%	80%	-	-	0.00%	Self-funding	-
Eric workshop construction project	39,574	13,678	8,264	(3,339)	(608)	17,995	99%	75%	-	-	0.00%	Self-funding	-
Ningbo CIMC Renovation project of water-based paint coating line	20,050	11,522	182	-	-	11,704	58%	75%	-	-	0.00%	Self-funding	-
Tianjin CIMC water-based paint coating line	60,000	11,414	48,357	(59,771)	-	-	100%	100%	-	-	0.00%	Self-funding	-
XHCIMCS Production Line and Power Facilities Reconstruction Project	156,550	5,352	111,411	-	-	116,763	75%	75%	-	-	0.00%	Self-funding	-
TOCIMC relocation and reconstruction project	69,970	4,615	-	-	-	4,615	60%	60%	-	-	0.00%	Self-funding	-
Dongguan CIMC vehicle logistics equipment project	388,222	4,601	-	(4,601)	-	-	80%	100%	-	-	0.00%	Self-funding	-
Raffles large scale equipment (including 200T slewing crane)	287,876	3,178	-	-	-	3,178	98%	98%	-	-	0.00%	Self-funding	-
C&C Trucks production equipment project	6,935	1,956	2,045	(454)	(255)	3,292	58%	60%	-	-	0.00%	Self-funding	-
Others	-	448,124	447,332	(200,708)	-	693,453	0%	0%	-	-	-	-	(1,295)
Total	-	22,194,585	1,434,007	(270,683)	(863)	23,466,394			1,807,840	259,945			109,348

As at 30 June 2018, an amount of RMB1,320,000 has been recognised as the provision for impairment of construction in progress (31 December 2017: RMB1,320,000).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Intangible assets and development costs

(1) Intangible assets

	Land use rights	Technical know-how and trade marks	Timber concession rights	Customer relationships	Customer contracts	Maritime use rights	Franchise rights	Total
Original cost								
31 December 2017	4,114,542	2,074,462	136,177	417,030	332,104	111,700	111,987	7,298,002
Additions due to business combination	-	69	-	-	-	-	-	69
Current period additions	83,882	29,263	-	-	-	-	-	113,145
Current period decrease	(40,280)	(21,419)	-	(806)	-	-	-	(62,505)
Transferred to investment properties	-	-	-	-	-	-	-	-
Transferred to assets classified as held for sale	-	-	-	-	-	-	-	-
Exchange differences arising from translating foreign currencies	952	(4,864)	1,168	(1,510)	(334)	238	(16)	(4,366)
30 June 2018	4,159,096	2,077,511	137,345	414,714	331,770	111,938	111,971	7,344,345
Accumulated amortisation								
31 December 2017	749,016	1,162,841	32,510	227,677	208,219	31,339	11,849	2,423,451
Additions due to business combination	-	18	-	-	-	-	-	18
Current period additions	47,127	81,852	-	10,515	16,100	865	1,688	158,148
Current period decrease	(9,959)	(10,489)	-	-	-	-	-	(20,448)
Transferred to investment properties	-	-	-	-	-	-	-	-
Transferred to assets classified as held for sale	-	-	-	-	-	-	-	-
Exchange differences arising from translating foreign currencies	1,072	(2,288)	277	(362)	(394)	271	(16)	(1,440)
30 June 2018	787,256	1,231,934	32,787	237,830	223,925	32,475	13,521	2,559,729
Provision for impairment								
31 December 2017	-	5,387	103,667	1,989	52,264	-	-	163,307
Current period additions	-	-	-	-	-	-	-	-
Current period decrease	-	-	-	-	-	-	-	-
Exchange differences arising from translating foreign currencies	-	(308)	891	(179)	-	-	-	404
30 June 2018	-	5,079	104,558	1,810	52,264	-	-	163,711
Carrying amount								
30 June 2018	3,371,840	840,498	-	175,074	55,581	79,463	98,450	4,620,905
31 December 2017	3,365,526	906,234	-	187,364	71,621	80,361	100,138	4,711,244

In the period, amortisation expenses of intangible assets amounted to 158,148,000 yuan (Jan to June 2017:175,343,000).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Intangible assets and development costs (Continued)

(2) As at 30 June 2018, intangible assets with pending certificates of ownership are as follows:

	Carrying amount in RMB	Reasons for unsettlement
SCIMCEL Tangkeng land use right	54,163	in the progress
C&C Trucks land use right	43,000	in the progress
SCICEL	1,734	in the progress
Total	98,897	

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

(3) As at 30 June 2018, there were no restricted intangible assets (31 December 2017: Nil).

(4) As at 30 June 2018, the intangible asset with indefinite useful lives is Gas station Franchise which amounted to RMB53,300,000 (31 December 2017: RMB53,300,000).

21. Development costs

Development costs is as follows :

	31 December 2017	Current period addition	Recognised as intangible assets	30 June 2018
Project on vehicle technology	47,629	12,885	–	60,514
Others	19,770	185	–	19,955
	67,399	13,070	–	80,469

In the period, the Group's development costs amounted to RMB340,299,000 (Jan to June 2017: 309,498,000) : 327,229,000 of which was included in the current profits and losses (Jan to June 2017: RMB288,459,000), and an amount of 13,070,000 was capitalised as intangible assets in current period (Jan to June 2017: 21,039,000). In the period, intangible assets transferred from development costs within the group accounted for 0% (Jan to June 2017: 9.61%) of the total book balance of intangible assets.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

22. Goodwill

	Note	31 December 2017	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	30 June 2018
Enric		625,390	–	–	(1,513)	623,877
Vehicles UK		344,664	–	–	(4,775)	339,889
TGESA		170,144	–	–	(2,106)	168,038
YPDI		86,558	–	–	–	86,558
Bassoe		132,245	–	–	–	132,245
Pteris		108,196	–	–	–	108,196
C & C Trucks		132,145	–	–	–	132,145
Hashenleng		103,530	–	–	–	103,530
Others	(1)	582,696	4,060	–	(512)	586,244
Sub-total		2,285,568	4,060	–	(8,906)	2,280,722
Less: provision for impairment		93,330	–	–	–	93,330
C & C Trucks		38,000	–	–	–	38,000
Others		41,793	2,087	–	244	44,124
Sub-total		173,123	2,087	–	244	175,454
Total		2,112,445	1,973	–	(9,150)	2,105,268

- (1) The goodwill increased in the period generate from the acquisition of JingxinXiangneng Co. Limited by CIMC Zhineng Technology.
- (2) The goodwill allocated to the asset groups and combination of asset groups are summarised by operating segments as follows:

	30 June 2018	31 December 2017
Container asset group	124,146	120,085
Road transportation vehicles asset group	411,066	415,664
Energy and chemical & food equipment asset group	1,030,528	1,036,235
Offshore engineering asset group	229,456	229,460
Logistics services asset group	120,558	120,558
Heavy truck asset group	38,815	38,815
Airport equipment asset group	121,873	121,873
Asset groups with insignificant allocation percentage of goodwill group	28,826	29,755
Total	2,105,268	2,112,445

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Long-term prepaid expenses

	31 December 2017	Additions due to business combination	Current period addition	Current period amortisation	Exchange differences arising from translating foreign currencies	30 June 2018
Yard facility expenses	7,612	–	608	(1,686)	(2)	6,532
Project insurance and commission	103,724	–	41,291	(24,916)	1,478	121,577
Improvements to fixed assets held under operating leases	16,172	–	5,086	(1,879)	–	19,379
Improvement of engineering vessel	19,523	–	27,820	(13,593)	607	34,357
Others	58,208	–	18,826	(16,105)	39	60,968
Sub-total	205,239	–	93,631	(58,179)	2,122	242,813
Less: provision for impairment	–	–	–	–	–	–
Total	205,239	–	93,631	(58,179)	2,122	242,813

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24. Deferred tax assets and deferred tax liabilities

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

	30 June 2018		31 December 2017	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provision for asset impairment	3,022,208	712,326	3,015,044	710,854
Accrued liability	1,037,318	218,631	999,526	209,194
Employee benefits payable	1,597,624	343,314	1,750,600	381,558
Accrued expenses	230,674	47,620	555,749	120,791
Deductible losses	2,650,578	507,027	2,572,434	485,290
Movement for fair value of financial assets at fair value through profit or loss/hedging instruments	163,734	37,227	1,063	266
Movement for fair value of financial assets at fair value through other comprehensive income/hedging instruments	3,048	762	3,048	762
Intra-group unrealised revenue	19,816	4,335	18,136	4,534
Others	210,082	42,017	318,960	74,698
Sub-total	8,935,082	1,913,259	9,234,560	1,987,947
Offsetting amount	(115,404)	(454,157)	(2,285,238)	(571,310)
Offsetting balances	8,819,678	1,459,102	6,949,322	1,416,637
Including:				
Amount estimated to reverse within 1 year (inclusive)		276,044		443,585
Amount estimated to reverse over 1 year		1,183,058		973,052
		1,459,102		1,416,637
Deferred tax liabilities:				
Movement for fair value of financial assets at fair value through profit or loss	(7,759)	(1,675)	(5,563)	(1,386)
Movement for fair value of Investment properties	(422,627)	(101,233)	(611,525)	(158,100)
Revaluation gain through combination	(1,052,706)	(240,396)	(1,046,962)	(239,756)
Debt restructuring income	(1,819,792)	(454,948)	(2,274,744)	(568,686)
Gross profit of overseas projects (pay tax after completion)	(575,750)	(142,660)	(550,204)	(137,551)
Accelerated depreciation of fixed assets	(229,210)	(48,682)	(380,036)	(121,535)
Non-resident foreign companies pay dividends to the Mainland	(262,580)	(65,645)	(262,580)	(65,645)
Others	(1,046,367)	(208,956)	(234,564)	(79,988)
Sub-total	(5,416,791)	(1,264,195)	(5,366,178)	(1,372,647)
Offsetting amount	115,404	454,157	2,285,238	571,310
Offsetting balances	(5,301,387)	(810,038)	(3,080,940)	(801,337)
Including:				
Amount estimated to reverse within 1 year (inclusive)		(103,705)		(165,263)
Amount estimated to reverse over 1 year		(706,333)		(636,074)
		(810,038)		(687,884)

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

(2) Unrecognised deferred tax assets

	30 June 2018	31 December 2017
Deductible losses	2,037,436	1,667,129
Impairment losses of SOE	367,116	367,116
Impairment losses of timber Concession rights	23,053	23,053
Others	11,568	23,485
Total	2,439,173	2,080,783

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

	30 June 2018	31 December 2017	Note
2018	826,831	795,581	
2019	403,799	339,063	
2020	682,964	665,680	
2021	425,497	411,238	
After 2021	5,635,818	5,629,174	Note 1
Total	7,974,909	7,840,736	

Note 1: After 2021, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Other non-current assets

	Note	30 June 2018	31 December 2017
Continuing involvement in transferred assets	(i)	17,366	–
Prepayment for equipment		7,304	13,516
Prepayment for land use right		6,956	6,956
Prepayment for construction		–	64,094
Entrusted loans		–	3,249
Others		–	71
Total		31,626	87,886

As at 30 June 2018, There is no non-current assets due from shareholders holding more than 5% (inclusive) of the voting rights or related parties. (31 December 2017: Nil).

Note (i): In order to remote the Leasing Receivable and its risk of bankruptcy, CIMC Leasing, a subsidiary of the group issued Huangjing-CIMC No 1 Asset Support Special Plan asset support bond.

CIMC Leasing holds 10.62% of the subordinate bond of the asset support bond (accounting for 70.80% of the entire 15.00% subordinate asset support bond) and charges a fixed-rate service fee on the asset service provided. As CIMC Leasing neither transfers nor retains substantially all the risks and rewards of ownership of a transferred asset, and retains control of the transferred asset, CIMC Leasing continues to recognise the transferred asset to the extent of its continuing involvement and recognize the liability accordingly.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Provision for asset impairment

	31 December 2017	Changes in accounting policies	1 January 2018	Current period addition	Current period decrease		Exchange differences arising from translating foreign currencies	30 June 2018
					Reversal	Write-off		
Provision for doubtful debts of account receivables and note receivables	757,177	79,611	836,788	42,037	(36,072)	(985)	(562)	841,206
Provision for doubtful debts of other account receivables	396,543	61,228	457,771	31,709	(2,562)	(6,317)	(472)	480,129
Provision for doubtful debts of Long-term receivables	864,992	36,734	901,726	38,144	(2,758)	(722)	(2)	936,388
Provision for doubtful debts of available-for-sale financial assets	3,065	(3,065)	-	-	-	-	-	-
Provision for doubtful debts of contract assets	-	32,714	32,714	4,314	-	(22,042)	503	15,489
Sub-total	2,021,777	207,222	2,228,999	116,204	(41,392)	(30,066)	(533)	2,273,212
Provision for doubtful debts of advance payment	282,417	-	282,417	1,513	(1,202)	(2,549)	-	280,179
Provision for doubtful debts of decline in value of inventories and cost of contract performance	374,359	(32,714)	341,645	13,933	(8,652)	(8,762)	(2,699)	335,465
Provision for doubtful debts of long-term equity investments	2	-	2	2,070	-	-	-	2,072
Provision for impairment of fixed assets	290,020	-	290,020	4	-	(26,676)	(3,396)	259,952
Provision for impairment of construction in progress	1,320	-	1,320	-	-	-	-	1,320
Provision for impairment of intangible assets	163,307	-	163,307	-	-	-	404	163,711
Provision for impairment of goodwill	173,123	-	173,123	2,087	-	-	244	175,454
Provision for impairment of other non-current assets	-	-	-	-	-	-	-	-
Sub-total	1,284,548	(32,714)	1,251,834	19,607	(9,854)	(37,987)	(5,447)	1,218,153
Total	3,306,325	174,508	3,480,833	135,811	(51,246)	(68,053)	(5,980)	3,491,365

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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

27. Restricted assets

As at 30 June 2018, assets with restrictions in their ownership are as follows:

	Note	31 December 2017	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	30 June 2018
Assets used as collateral						
– Cash at bank and on hand	IV.1	1,353,836	218,696	(550,157)	–	1,022,375
– Notes receivable	IV.4	72,475	7,697	(8,623)	–	71,549
– Other current assets	IV.11	21,060	–	(2,060)	–	19,000
– Long term receivables	IV.13	8,015,023	–	–	–	8,015,023
– Fix assets	IV.18	353,331	2,164	(97,937)	–	257,558
Total		9,815,725	228,557	(658,777)	–	9,385,505

Long term receivables are used as collateral for mortgage loan. Notes receivables are used for rediscounting, pledge for letter of guarantee and pledge for pool of notes. Refer to Note IV.18 for non-current restrictions with restrictions which are used as collateral for long term payables. Refer to Note IV.28 for details of short-term pledged borrowings. The restricted cash at bank and on hand were security deposits, and deposits in the People's Bank of China by Finance Company.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Short-term borrowings

(1) Classification of short-term borrowings:

	Note	30 June 2018	31 December 2017
Guaranteed	(a)		
USD		185,894	417,560
RMB		2,142,949	1,506,156
EUR		359,271	364,490
Sub-total		2,688,114	2,288,206
Pledged	(b)		
RMB		51,910	96,987
Mortgage	(c)		
USD		165,150	–
Unsecured			
USD		14,022,114	10,133,467
EUR		152,649	197,552
RMB		4,339,571	2,330,975
HKD		309,213	249,100
Others		55,581	–
Sub-total		18,879,128	12,911,094
Discounted Notes			
RMB		19,000	21,060
Total		21,803,302	15,317,347

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Short-term borrowings (Continued)

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

- (a) As at 30 June 2018, Subsidiary C&C Trucks provided guaranteed loan of RMB614,900,000 guaranteed by the Company; EUR46,957,000 (equivalent to RMB359,271,000) from guarantee loan of subsidiary Ziegler's guarantee provided by the Company; Subsidiary GSHJ provided guaranteed loan of RMB19,900,000 guaranteed by HI; the subsidiary CIMC Raffles was guaranteed by CIMC Raffles Marine Engineering (Singapore) Pte Ltd Guaranteed borrowings amounted to RMB1,200,278,000 and USD8,093,000 (equivalent to RMB53,562,000); Subsidiary WHVS provided guaranteed loan of RMB30,000,000 guaranteed by the Company; Subsidiary Hongxin Berg leasing secured a guarantee loan of RMB97,009,000 from the subsidiary CIMC financing and leasing and the subsidiary Tianjin Hongxin Berg Leasing Co. Ltd.; Subsidiary CIMC financing and leasing secured a guarantee loan of USD20,000,000 (equivalent to RMB132,332,000) from the Company; Guaranteed loan of RMB180,862,000 provided by the company's subsidiary C&C Trucks marketing with guarantee from the Company.
- (b) As at 30 June 2018, the pledged loans of the Group was loans from the People's Bank of China pledged with notes receivables which was applied by the Finance Company, amounting to RMB51,910,000.
- (c) As at 30 June 2018, The subsidiary QDCC borrowed 165,150,000 from Agricultural Bank and Standard Chartered Bank on the condition of invoice financing.
- (d) As at 30 June 2018, there was no short-term borrowings owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group or related parties.
- (e) As at 30 June 2018, the interest rate of short term borrowing ranged from 1.40% to 6.80% (31 December 2017: 1.30% to 6.09%).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Notes payable and accounts payable

(1) The Group's notes payable and accounts payable are as follows:

	30 June 2018	31 December 2017
Note payable (a)	1,657,907	1,785,456
Account payable (b)	13,134,071	12,216,311
Total	14,791,978	14,001,767

(a) *Notes payable*

	30 June 2018	31 December 2017
Bank acceptance notes	982,673	1,331,106
Trade acceptance notes	675,234	454,350
Total	1,657,907	1,785,456

(b) *Accounts payable*

	30 June 2018	31 December 2017
Due to raw materials suppliers	11,322,547	10,124,956
Integrated logistics service charges	621,072	559,737
Project contract charges	400,171	341,552
Project procurement charges	124,922	387,357
Due to equipment suppliers	388,731	579,407
Transportation charges	92,205	81,816
Processing charges	79,818	43,661
Others	104,605	97,825
Total	13,134,071	12,216,311

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Notes payable and accounts payable (Continued)

(1) The Group's notes payable and accounts payable are as follows: (Continued)

(b) Accounts payable (Continued)

The analysis of accounts payable is as follows:

	30 June 2018	31 December 2017
Within 1 year (inclusive)	12,589,779	11,538,059
1 to 2 years (inclusive)	160,611	313,282
2 to 3 years (inclusive)	154,099	157,749
Over 3 years	229,582	207,221
Total	13,134,071	12,216,311

As at 30 June 2018, accounts payable over 1 year with a carrying amount of 544,292,000 (31 December 2017: 678,252,000) are mainly payables related to offshore engineering business and energy and chemical business. Since the production cycle of the offshore business engineering project and energy and chemical business is usually more than one year, the payables have not yet been settled.

(2) As at 30 June 2018, there was no accounts payable owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group.

30. Contract liabilities

	30 June 2018	31 December 2017
Advances for goods and services	5,169,120	–
	5,169,120	–

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Employee benefits payable

	Note	30 June 2018	31 December 2017
Short-term wages	(1)	2,454,137	2,678,016
Defined contribution plans	(2)	27,617	31,862
Dismissal welfare	(3)	2,062	3,604
		2,483,816	2,713,482

(1) Short-term wages

	31 December 2017	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	30 June 2018
Wages and salaries, bonuses, allowances and subsidies	2,231,158	2,915,913	(3,089,513)	(2,334)	2,055,224
Profit-sharing and senior management bonus	291,339	–	(4,974)	–	286,365
Housing funds	24,851	86,761	(85,286)	(19)	26,307
Labor union funds and employee education funds	64,044	19,488	(31,736)	(140)	51,656
Social security contributions and others	17,559	84,914	(86,599)	(4)	15,870
Including: Medical insurance	13,444	71,289	(72,389)	(4)	12,340
Work injury insurance	2,079	8,478	(9,068)	–	1,489
Maternity insurance	2,036	5,147	(5,142)	–	2,041
Other short-term wages	49,065	342,191	(372,205)	(336)	18,715
Total	2,678,016	3,449,267	(3,670,313)	(2,833)	2,454,137

(2) Defined contribution plans

	31 December 2017	Current period addition	Current period decrease	Exchange differences arising from translating foreign currencies	30 June 2018
Basic pensions	27,846	207,412	(211,449)	(20)	23,789
Unemployment insurance	3,810	4,820	(5,008)	–	3,622
Enterprise annuities	206	1,159	(1,159)	–	206
Total	31,862	213,391	(217,616)	(20)	27,617

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

31. Employee benefits payable (Continued)

(3) Dismission welfare

	30 June 2018	31 December 2017
Others (i)	2,062	3,604

(i) As at 30 June 2018, the Group provide other compensation amounting to 2,062,000 to compensate for the termination of employment relationship.

Salaries, bonuses, allowances and subsidies shall be the Group's performance-related bonuses based on the Group's annual performance assessment plan and results of the Group, except for the amount of wages accrued for current month but to be paid next month. According to the requirement of the performance assessment plan, annual accrued bonus would be paid over three years based on the percentage determined by the management; therefore, there was a balance of such accrued bonus at the end of the year.

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

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

32. Taxes payable

	30 June 2018	31 December 2017
Value-added-tax payable	307,322	186,770
Enterprise income tax payable	497,128	822,993
Withholding individual income tax	36,335	32,777
City maintenance and construction tax payable	18,330	26,230
Educational surcharge payable	12,741	16,385
Land appreciation tax	191,491	184,597
Others	138,992	94,234
Total	1,202,339	1,363,986

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Other payables

(1) Other payables

	30 June 2018	31 December 2017
Advance received	2,114,497	2,272,430
Accruals	2,035,682	1,881,848
Quality guarantees	490,978	638,480
Transportation expenses	562,643	314,679
Equipment or land use rights	67,225	95,402
External commission	32,178	65,395
Current account with subsidiary's minority	111,859	760,942
Insurances	19,828	20,755
Royalties	601	2,063
Professional and training fees	2,777	16,930
Housing maintenance fees	474	280
Equity payable on Yangshan services	–	27,517
Demolition compensation	398,872	239,828
Advance shipbuilding progress	605	–
Interest payable	698,775	377,793
Including: Interest of redemption rights of strategic investors	249,980	199,980
Interest of short-term borrowings	179,711	39,082
Interest of corporate bonds	219,554	86,241
Interest of long-term borrowings	49,530	52,490
Dividend payable	869,201	254,434
Including: Due to minority shareholders of subsidiaries	48,417	254,434
Due to common shareholders	820,784	–
Others	978,177	517,992
Total	8,384,372	7,486,768

(2) Significant other payables aged over one year mostly consist of unsettled quality guarantee, vehicle mortgage guarantee and various deposits.

(3) As at 30 June 2018, there were no other payables owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

34. Current portion of non-current liabilities

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

	Note	30 June 2018	31 December 2017
Current portion of long-term borrowings	IV.36		
– Unsecured		1,467,644	2,134,980
– Mortgaged		1,771,992	1,476,028
– Guaranteed		68,102	371,618
		3,307,738	3,982,626
Current portion of long-term payables			
Finance lease payable		77,812	107,388
Less: unrealised financing expense		(4,073)	(14,034)
Finance lease payable-net	IV.38	73,739	93,354
Others		3,478	7,255
		77,217	100,609
Others		143	2,344
Total		3,385,098	4,085,579

35. Other current liabilities

	Note	30 June 2018	31 December 2017
Super & short-term commercial papers	(1)	1,000,000	–
Amount of tax to be sold		14,288	–
Commercial paper issued by the Group	(2)	–	588,235
Others		916	7,672
		1,015,204	595,907

- (1) The Company made an application for registration to the National Association of Financial Market Institutional Investors on 21 June 2016 and received the Notice of Acceptance of Registration (Zhong Shi Xie Zhu No. [2016] SCP206) issued by the National Association of Financial Market Institutional Investors on 28 July 2016. According to the Notice of Acceptance of Registration, the registered amount of the super & short-term commercial papers of the Company shall be RMB15 billion effective for a period of two years from the date of the Notice of Acceptance of Registration. The Company can issue the super & short-term commercial papers by tranches within the effective registration period. On 20 June 2018, the Company has completed the issuance of the first tranche of the super & short-term commercial papers of the Company for 2018 (the "Tranche I Super & Short-term Commercial Papers"). The proceeds raised from the Tranche I Super & Short-term Commercial Papers were fully received on the same day.
- (2) The Commercial paper was issued by CIMC Fortune Holdings Limited ("Fortune"), the subsidiaries of the Group. As at 20 May 2016, Fortune signed a cooperation framework agreement with Mei Long Bank and Goldman Sachs for the issuance of a US\$450 million commercial paper project in London. The agreement lasts for three years. The amount of notes issued by Fortune was US\$90,000,000 (equivalent to RMB588,235,000), the issue date was October 17, 2017, and the maturity date was January 17, 2018.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

36. Long-term borrowings

	30 June 2018	31 December 2017
Bank borrowings		
– Unsecured	12,292,554	10,668,493
– Mortgaged (1)	4,981,656	5,236,902
– Guaranteed (2)	10,730,311	12,217,399
	28,004,521	28,122,794
Less: current portion of long-term borrowings		
– Unsecured	1,467,644	2,134,980
– Mortgaged (1)	1,771,992	1,476,028
– Guaranteed (2)	68,102	371,618
	3,307,738	3,982,626
Total	24,696,783	24,140,168

(1) As at 30 June 2018, the Group's long-term collateralized borrowings were CIMC Leasing's contracted object of its financial leases as collateral to borrow from the bank USD752,903,000 (equivalent to RMB4,981,656,000). The long-term collateralized borrowings which will expire within one year amount to USD267,810,000 (equivalent to RMB1,771,992,000).

(2) As at 30 June 2018, the Group's long-term guaranteed borrowings were comprised of the following: bank borrowing of Qingdao CIMC Eco-Equipment Co., Ltd amounted to RMB14,900,000 which were guaranteed by HI; the guarantee loan of CIMC Vehicles UK Limited ("Vehicles UK") guaranteed by the company amount to GBP24,000,000 (equivalent to RMB207,792,000), including the long-term borrowings expire during one year were GBP6,094,000 (equivalent to RMB52,678,000); The guarantee loan amount to RMB6,878,000 guaranteed by the subsidiary CITIC Intelligent Technology Co., Ltd. of Dongguan CIMC Intelligent Technology Co., Ltd.; the guarantee loan of CIMC Leasing guaranteed by CIMC HK amount to USD77,988,000 (equivalent to RMB516,018,000), including the long-term borrowings expire during one year were USD2,331,000 (equivalent to RMB15,424,000); the guarantee loan provided by Hongxin Berg for its subsidiary CIMC Leasing was RMB143,558,000; bank borrowing of Fortune amounted to USD1,487,000,000 (equivalent to RMB9,841,165,000) which were guaranteed by the Company.

(3) No amount due to the shareholders who hold 5% or more of the voting rights of the Company or due to related parties is included in the above balance of long-term borrowings. (31 December 2017: nil)

(4) As at 30 June 2018, the interest rate of long-term borrowing ranged from 1.20% to 6.37% (31 December 2017: 1.20% to 7.03%).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Debentures payable

	30 June 2018	31 December 2017
Medium-term notes	7,986,500	7,986,500

(1) Related information is as follows:

Debenture name	Par value	Issuance date	Maturity	Issuance amount
Medium-term notes – 16CIMC MTN1 (i)	3,500,000	2016/8/11	3 years	3,500,000
Medium-term notes – 16CIMC MTN2 (i)	2,500,000	2016/8/22	3 years	2,500,000
Medium-term notes – 16CIMC MTN3 (ii)	2,000,000	2016/10/17	3+N years	1,986,500
Total	8,000,000			7,986,500

- (i) The Company can issue medium-term notes in the national inter-bank bond market. The company issued its first medium-term notes (MTN) with amount of RMB3.5 billion on 11 August 2016 with a ceiling of RMB6 billion to institutional investors in the national inter-bank bond market; with par value of RMB100 per note and fixed interest rate of 3.07% per annum. Interest is to be paid on 11 August each year in the arrears until redemption and par value to be paid on 11 August 2019. The notes are unsecured and targets institutional investors in the national inter-bank market. As at 22 August 2016, the Company made the second issue with amount of RMB2.5 billion with par value of RMB100 per note and fixed interest rate of 3.15% per annum was successfully issued publicly. Interest is to be paid on 22nd August each year in the arrears until redemption and par value to be paid on 22 August 2019. The notes are unsecured and targets institutional investors in the national inter-bank market.
- (ii) As at 17 October 2016, the Company issued medium-term notes with amount of 2 billion at face value. The net amount after deducting the issue fee was RMB1,986,500,000. The medium-term notes are issued for general corporate finance purposes. The first three interest-bearing years are accrued at an interest rate of 3.89% per annum and are paid annually from 14 October 2017 and the Company can choose a deferred interest payment. From the fourth interest-bearing year, the coupon rate is reset every 3 years. The medium-term notes have no fixed expiry dates and may be redeemed by the Company on or after 14 October 2019 at their nominal value, together with a payment of any accrued, unpaid or deferred interest. Before the settlement of deferred interest (including the interest of deferred interest), the issuer can not distribute dividend, reduce capital or any other payment to securities that are inferior to the midterm notes. As a result of the holder's protection clause, without the waiver of the note holder, the Company is required to repay the principal and interest if the Company and subsidiaries that it hold is more than 80% equity has failed to settle any financial institution loans due or exceed the agreed amount. Therefore, the medium term notes are treated as liabilities.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Long-term payables

	30 June 2018	31 December 2017
Financial Lease payables	202,449	229,806
Less: unrecognised financing expenses	(4,956)	(10,585)
Financial Lease payables-net	197,493	219,221
Deposits payable	99,082	101,834
Payables for specific projects	14,055	14,127
Others	500	26,214
Total	311,130	361,396

(1) Details of financial leasing payables

As at 30 June 2018, the total future minimum lease payments under finance leases, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), were as follows:

	30 June 2018	31 December 2017
Minimum lease payments		
Within 1 year (inclusive)	77,812	107,388
Over 1 year but within 2 years (inclusive)	130,706	182,388
Over 2 years but within 3 years (inclusive)	53,379	5,427
Over 3 years	18,364	41,991
Sub-total	280,261	337,194
Less: unrecognised finance expenses	(9,029)	(24,619)
Carrying amounts	271,232	312,575

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

(2) As at 30 June 2018, there is no amount due to the shareholders who hold 5% (inclusive) or more of the voting rights of the Company.

(3) Payables for specific projects

	31 December 2017	Current period addition	Current period decrease	30 June 2018
Project funds	14,127	200	(272)	14,055

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Provisions

	Note	31 December 2017	Current period additions	Current period payment	Current period reversal	Exchange differences arising from translating foreign currencies	30 June 2018
Product warranties	(1)	917,415	238,553	(61,853)	(135,338)	(3,567)	955,210
Relocation compensation		131,625	–	–	–	–	131,625
Loss of pending actions		145,148	–	–	(2,082)	424	143,490
Others	(2)	20,716	1,465	(148)	(2,975)	(444)	18,614
Total		1,214,904	240,018	(62,001)	(140,395)	(3,587)	1,248,939

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

40. Deferred income

	Note	31 December 2017	Current period addition	Current period decrease	30 June 2018	Reason
Government grants	(1)	841,086	34,838	(24,590)	851,334	Government Grants received, to be recognised in future periods
Others		5,146	289	(2,006)	3,429	Outright sale of operating leasing receivables, to be recognised in future periods
Total		846,232	35,127	(26,596)	854,763	–

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Deferred income (Continued)

(1) Government grants

Project name	31 December 2017	Current period additions	Decrease in the current period						30 June 2018	Related to assets/income
			Fixed assets	Recognised as other income	General and administrative expenses	Financial expenses	Non- operating income	Non- operating expenses		
Yantai Raffles National Development and Reform Commission on the release of industrial upgrading project budget report	188,540	-	-	-	-	-	-	-	188,540	Related to assets
Enric relocation compensation	177,121	-	-	(3,566)	-	-	-	-	173,555	Related to assets
Enric new factory government grants	76,927	-	-	(1,735)	-	-	-	-	75,192	Related to assets
Shanxi CIMC Vehicle Industry Garden construction grants	46,384	-	-	(1,573)	-	-	-	-	44,811	Related to assets
Ningbo Container Manufacture industry support funds	38,000	-	-	-	-	-	-	-	38,000	Related to assets
TAS industrial base project	28,612	-	-	(793)	-	-	-	-	27,819	Related to assets
C&C Trucks government build donation	27,321	-	-	(462)	-	-	-	-	26,859	Related to assets
QDCRC world bank foaming equipment project	27,537	-	-	(1,155)	-	-	-	-	26,382	Related to assets
MEA-other	6,301	21,700	-	(4,922)	-	-	-	-	23,079	Related to assets
Marine Engineering Equipment Testing and Testing Platform Construction Marine Engineering Equipment Testing Platform Construction	14,840	-	-	-	-	-	-	-	14,840	Related to assets
QDSCR world bank foaming equipment project	13,484	-	-	(566)	-	-	-	-	12,918	Related to assets
Taicang CIMC Special Logistics Equipment Co. Ltd.	11,092	-	-	(152)	-	-	-	-	10,940	Related to assets
TCCIMC land compensation	9,599	-	-	(131)	-	-	-	-	9,468	Related to assets
XHCIMCS Zhujiang river bank advanced equipment manufacturing special fund	8,440	-	-	-	-	-	-	-	8,440	Related to assets
EMA deepwater semi-submersible support platform project	8,205	-	-	-	-	-	-	-	8,205	Related to assets
CQLE Land grant fee refund	7,820	-	-	(100)	-	-	-	-	7,720	Related to assets
Zhenhua Group Drop and Pull Transport program	7,573	-	-	(536)	-	-	-	-	7,037	Related to assets
Yantai Raffles Marine Equipment Virtual Reality Training R&D Center	7,022	-	-	-	-	-	-	-	7,022	Related to assets
High-end marine engineering equipment innovation capacity building project	7,000	-	-	-	-	-	-	-	7,000	Related to assets
TAS information technology development special fund	6,080	-	-	(80)	-	-	-	-	6,000	Related to assets
NTCIMCS major achievements transformation project	8,000	-	-	(2,319)	-	-	-	-	5,681	Related to assets
MEA special funds to support industrial innovation	5,520	-	-	-	-	-	-	-	5,520	Related to assets

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

40. Deferred income (Continued)

(1) Government grants (Continued)

Project name	31 December 2017	Current period additions	Decrease in the current period					30 June 2018	Related to assets/income	
			Fixed assets	Recognised as other income	General and administrative expenses	Financial expenses	Non- operating income			Non- operating expenses
Shenzhen Super Luxury Yacht R&D Design Laboratory Project	4,915	-	-	(427)	-	-	-	-	4,488	Related to assets
Yantai Raffles Seventh Generation Super Deepwater Drilling Platform (Boat) Innovation Special	4,087	-	-	-	-	-	-	-	4,087	Related to income
KGR R&D fund	4,045	-	-	(112)	-	-	-	-	3,933	Related to assets
A variety of communication interface special equipment controller and system industrialization project	4,180	-	-	(500)	-	-	-	-	3,680	Related to assets
Shenzhen Star Base equipment and technology engineering laboratory project	4,083	-	-	(500)	-	-	-	-	3,583	Related to assets
Transformation project of high- tech in Jiangsu Province of Yangzhou Runyang	2,031	-	-	(113)	-	-	-	-	1,918	Related to assets
C&C Truck equipment financing lease subsidies	2,013	-	-	(263)	-	-	-	-	1,750	Related to assets
TAS technology development fund	789	-	-	(48)	-	-	-	-	741	Related to assets
Others	83,525	13,138	-	(4,537)	-	-	-	-	92,126	Related to assets/ income
Total	841,086	34,838	-	(24,590)	-	-	-	-	851,334	

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Other non-current liabilities

	Note	30 June 2018	31 December 2017
Capital increment from strategic investors	(1)	1,249,826	1,249,826
Commitment of dividends to minority shareholders		487,632	487,632
Rental advance		12,286	11,607
Derivative financial liabilities			
– Interest rate swap contract		1,118	–
Financial guarantee contract		38,283	37,807
Others		524,143	22,681
Total		2,313,288	1,809,553

- (1) As at 18 December 2015, Shanghai Taifuxiangzhong Private Equity Fund (Limited Partnership), Nanshan Dacheng New Material Investing Partnerships (LLP), Sumitomo Corporation and Shenzhen Dragon-Source Harbor City Investing Development Co., Ltd. (together referred to as "new strategic investors") entered an additional investment on CIMC Vehicle (Group) Co., Ltd. (referred to as "HI") contract with the Company, China Resources Shenzhen International Trust Investment Co., Ltd and China International Marine Containers (Hong Kong) Limited (together referred to as "original shareholders"); in January 2016, new strategic investors provide additional investment on HI USD166,173,000 (equivalent to RMB1,089,580,000, based on the exchange rate on 22 January 2016), USD15,233,000 (equivalent to RMB100,000,000); in December 2015, new strategic investors provide additional investment on HI amounted to USD9,288,117 (equivalent to RMB60,246,000, based on the exchange rate on 18 December 2015) and RMB100,000,000 respectively; after the additional investing, their shares on HI will be 16.822%, 1.544%, 0.929% and 1.544% of whole HI shares. Also, the contract regulates that if HI cannot launch a valid IPO before 31 December 2020, new strategic investors (except Shenzhen Drag-on-Source Harbor City Investing Development Co., Ltd.) would have the right to ask the Company to re-purchase their shares on HI in the form of cash. The repurchase price should be the sum of (a) the subscription price that the individual new strategic investor actually paid in this additional investing and (b) the total interest calculated based on 8% single interest per year and the period covered from the date of the subscription price actually paid to the date the controlling shareholders fully pay the repurchase amount.

The equity of HI that the investors have right to ask repurchase should be fully recognised as a liability because of the existence of right of repurchase; as at 30 June 2018, the relevant liability was RMB1,249,826,000 (31 December 2017: RMB1,249,826,000).

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

42. Share capital

	31 December 2017 '000	Current period additions '000	Current period decrease '000	Change of shares subject to selling restriction '000	30 June 2018 '000
Shares subject to trading restriction					
– Held by domestic natural person	499	–	–	381	880
Shares not subject to trading restriction					
– RMB-denominated ordinary shares	1,265,813	2,067	–	(381)	1,267,499
– Foreign shares listed overseas	1,716,577	–	–	–	1,716,577
Total	2,982,889	2,067	–	–	2,984,956

	31 December 2016 '000	Current period additions '000	Current period decrease '000	Change of shares subject to selling restriction '000	31 December 2017 '000
Shares subject to trading restriction					
– Held by domestic natural person	699	–	–	(200)	499
Shares not subject to trading restriction					
– RMB-denominated ordinary shares	1,261,301	4,312	–	200	1,265,813
– Foreign shares listed overseas	1,716,577	–	–	–	1,716,577
Total	2,978,577	4,312	–	–	2,982,889

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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Other equity instruments

	31 December 2017	Current period issuance	Paid in current period	30 June 2018
Perpetual bonds	2,033,043	51,900	(2,084,943)	–

	31 December 2016	Current year issuance	Other changes in current year	31 December 2017
Perpetual bonds	2,049,035	87,808	(103,800)	2,033,043

As at 16 June 2015, the Group issue unsecured perpetual bond at par value of RMB2,000 million. The net value amounted to RMB1,981,143,000 after the deduction of issue expenses. The equity instrument was issued for common corporate financing. The interest rate is 5.19% per annum at the first 3 interest-bearing year. From 16 June 2016, the interest is paid once a year and the Group can choose to defer the payment. As of the fourth interest-bearing year, the coupon rate is reset every 3 years. This instrument has no settled maturity date, and the Group can choose to buy it back at the par value together with any accrued, unpaid or deferred interest after 16 June 2018 or later. Before the settlement of deferred interest (including the interest of deferred interest), the issuer can not distribute dividend, reduce capital or any other payment to securities that are inferior to the midterm notes of current period.

The Company has exercised the redemption right of the 2015 First Tranche of Medium Term Note at nominal value plus accrued interest and redeemed bonds held by holders in full on 19 June 2018, i.e. the third interest payment date of such bonds, and thus completing the principal and interest repayment of the 2015 First Tranche of Medium Term Note.

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Capital surplus

	31 December 2017	Current period additions	Current period decrease	30 June 2018
Share premium	3,664,244	40,569	–	3,704,813
Other capital surplus:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Equity settled share-based payment	400,716	2,164	(15,703)	387,177
– Capital surplus due to share option exercised by subsidiary	15,168	–	(1,411)	13,757
– Capital surplus due to minority shareholders' contribution	1,437,005	–	–	1,437,005
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	989,052	28,976	–	1,018,028
– Capital surplus due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	(311,006)	–	2,212	(308,794)
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
– Capital surplus due to acquisition or establishment of subsidiary	(51,925)	–	–	(51,925)
– Redemption right granted to minority shareholders	(1,549,826)	–	–	(1,549,826)
Decrease in minority interests resulted from disposal of subsidiary (loss the controlling rights on the subsidiary)	–	–	–	–
Others	123,741	–	(17,319)	106,422
Total	4,209,663	71,709	(32,221)	4,249,151

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Capital surplus (Continued)

	31 December 2016	Current year additions	Current year decrease	31 December 2017
Share premium	3,590,421	73,823	–	3,664,244
Other capital surplus:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Equity settled share-based payment	420,004	10,789	(30,077)	400,716
– Capital surplus due to share option exercised by subsidiary	15,967	–	(799)	15,168
– Capital surplus due to minority shareholders' contribution	435,101	1,001,904	–	1,437,005
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	900,031	4,869	–	904,900
– Capital surplus due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	(246,669)	–	(280,185)	(526,854)
– Capital surplus due to minority shareholders' contributor	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
– Capital surplus due to acquisition or establishment of subsidiary	(51,925)	–	–	(51,925)
– Redemption right granted to minority shareholders	(1,549,826)	300,000	–	(1,249,826)
Others	120,987	2,754	–	123,741
	3,126,585	1,394,139	(311,061)	4,209,663

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

45. Other Comprehensive Income

	31 December 2017 Restatement	Changes in accounting policies	For the Period from 1 January to 30 June 2018			Post-tax amount attributable to the minority	30 June 2018
			Pre-tax amount incurred in current period	Less: Income tax	Post-tax amount attributable to the Company		
Item that may be reclassified subsequently to profit and loss:							
- Property revaluation reserve	43,754	-	-	-	-	-	43,754
- Change in fair value of other equity instruments investment	(489)	-	(50,744)	-	(50,744)	-	(51,233)
- Cash flow hedges	3,734	-	(2,946)	442	(2,504)	-	1,230
- Change in accounting policies of other equity instruments investment	-	456,295	-	-	-	-	456,295
- Exchange differences arising from translating foreign currencies	(288,833)	-	(158,306)	-	(170,394)	12,088	(459,227)
- Change in fair value of other investment on bonds	(2,287)	-	1,331	(266)	1,065	-	(1,222)
- Transfer of other comprehensive income from the sale of investment properties	(39,086)	-	-	-	-	-	(39,086)
- The share of other comprehensive income that will be reclassified into profit or loss in the equity method	16,448	-	-	-	-	-	16,448
- The amount greater than the book value on the conversion date when the fixed assets and intangible assets are converted to investment properties using fair value measurement	486,062	-	-	-	-	-	486,062
	219,303	456,295	(210,665)	176	(222,577)	12,088	453,021

	31 December 2016	Pre-tax amount incurred in current year	Year 2017			31 December 2017
			Less: Income tax	Post-tax amount attributable to the Company	Post-tax amount attributable to the minority	
Item that may be reclassified subsequently to profit and loss:						
- Property revaluation reserve	43,754	-	-	-	-	43,754
- Change in fair value of available-for-sale financial assets	(3,344)	862	(294)	568	-	(2,776)
- Cash flow hedges	80	4,299	(645)	3,654	-	3,734
- Exchange differences arising from translating foreign currencies	(164,200)	(182,393)	-	(124,633)	(57,760)	(288,833)
- Transfer of other comprehensive income from the sale of investment properties	-	(52,115)	13,029	(39,086)	-	(39,086)
- The share of other comprehensive income that will be reclassified into profit or loss in the equity method	-	16,448	-	16,448	-	16,448
- The amount greater than the book value on the conversion date when the self-use real estate is converted to investment properties using fair value measurement	481,051	6,681	(1,670)	5,011	-	486,062
	357,341	(206,218)	10,420	(138,038)	(57,760)	219,303

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

46. Surplus reserve

	31 December 2017	Current period additions	Current period decrease	30 June 2018
Statutory surplus reserve	1,491,443	–	–	1,491,443
Discretionary surplus reserve	1,790,092	–	–	1,790,092
Total	3,281,535	–	–	3,281,535

	31 December 2016	Current year additions	Current year decrease	31 December 2017
Statutory surplus reserve	1,489,287	2,156	–	1,491,443
Discretionary surplus reserve	1,790,092	–	–	1,790,092
Total	3,279,379	2,156	–	3,281,535

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

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

47. Undistributed profits

	Note	30 June 2018	31 December 2017
Undistributed profits at the beginning of the year		19,734,494	17,495,053
Due to the change of accounting policies		(147,114)	–
Undistributed profits at the beginning of the year		19,587,380	17,495,053
Add: net profit attributable to the shareholders and other equity holders of the Company for the current period		965,397	2,509,242
Less: Influence of issuing perpetual bonds		(51,900)	(87,808)
Less: appropriation for surplus reserve		–	(2,156)
Less: ordinary share dividends payable	(1)	(806,532)	(179,837)
Undistributed profits at the end of the period		19,694,345	19,734,494

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. Undistributed profits (Continued)

(1) Dividends of ordinary shares declared

	30 June 2018	31 December 2017
Dividends proposed but not declared at the end of the period	806,532	–
Total proposed dividends in the period	–	179,837

In accordance with the resolution at the shareholders' general meeting of the Company, as at 8 June 2018, the Company paid a cash dividend in the amount of RMB0.27 per share to the ordinary shareholders as at 20 July 2018 (2017: RMB0.06 per share), totalling RMB806,532,000 (2017: RMB179,837,000).

48. Revenue and cost of sales

	Note	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Revenue from main operations	(1)	42,561,350	32,656,928
Revenue from other operations	(2)	999,048	730,224
Total		43,560,398	33,387,152
Cost of sales from main operations		37,052,230	26,911,617
Cost of sales from other operations		500,501	329,947
Total		37,552,731	27,241,564

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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

48. Revenue and cost of sales (Continued)

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

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

	For the Period from 1 January to 30 June 2018		For the Period from 1 January to 30 June 2017	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
P.R. China	37,531,525	33,191,967	27,745,363	22,723,465
Europe	2,653,406	2,274,982	2,752,566	2,371,653
America	1,800,838	1,182,121	1,649,559	1,394,104
Asia (except for P.R. China)	428,127	284,365	378,592	317,409
Others	147,454	118,794	130,848	104,986
Total	42,561,350	37,052,229	32,656,928	26,911,617

(2) Revenue and cost of sales from other operations

	For the Period from 1 January to 30 June 2018		For the Period from 1 January to 30 June 2017	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rendering of services	807,057	327,202	532,435	239,624
Sale of raw materials	191,991	173,299	197,789	90,323
Total	999,048	500,501	730,224	329,947

	Containers	Road transportation vehicles	Energy and chemical & food equipment	Logistics services	Airport facilities	Heavy truck	Finance	Offshore business	Real estate	Others	Total
Revenue from main operations	15,406,716	11,160,589	5,941,211	4,021,325	1,698,707	1,551,810	1,043,616	563,738	152,355	1,021,283	42,561,350
Including:											
Recognized at a point of time	15,406,716	11,160,589	3,748,200	4,021,325	1,431,972	1,551,810	-	-	152,355	1,021,283	38,494,250
Recognized during a period	-	-	2,193,011	-	266,735	-	-	563,738	-	-	3,023,484
Revenue of financial lease	-	-	-	-	-	-	1,043,616	-	-	-	1,043,616

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Taxes and surcharges

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017	Tax base
City maintenance and construction tax	47,877	44,238	7% of VAT and business
Land appreciation tax	25,687	17,849	Appreciation amount in transferring property and applicable tax rate
Educational	35,991	35,470	3% of VAT
Tenure tax	56,100	57,577	Actual using area of land and unit tax
Housing property tax	36,341	37,406	Real estate surplus or property rental income and applicable tax rate
Stamp Duty	18,222	13,490	Amount or number of taxable voucher and applicable tax rate or unit tax
Others	9,739	10,153	
Total	229,957	216,183	

50. Selling and distribution expenses

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Employ benefit	398,621	352,785
Transportation and distribution expenses	592,702	521,157
Selling operation	133,678	149,651
Warranty	85,488	44,637
External sales commission	23,596	27,038
Storage	18,320	5,857
Advertising	24,447	17,489
Others	105,205	137,639
Total	1,382,057	1,256,253

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. General and administrative expenses

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Employ Benefits	1,094,734	1,004,200
Amortisation	127,608	113,415
Depreciation	119,791	134,408
Agency fees	112,120	110,796
Rental	82,007	75,806
Performance bonus and profit sharing bonus	68,232	165,200
Taxes and surcharges	56,379	34,293
Low-value consumables and materials consumed	46,776	49,006
Share-based payment expenses	4,435	9,583
Office expenditure, entertainment fee and others	360,442	382,873
Total	2,072,524	2,079,580

52. Research and development expenses

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Technology development costs	327,229	288,459

53. Financial expenses-net

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Interest expenses	897,655	779,849
Less: capitalised borrowing costs	263,549	257,584
Less: interest income	222,248	117,661
Exchange (gains)/losses	(58,230)	111,742
Others	38,896	77,905
Total	392,524	594,251

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Expenses by nature

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

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Finished goods and work-in-process movement	(366,859)	(741,628)
Consumption of raw materials and low priced and easily worn articles, etc	33,956,670	24,492,423
Salary and wages	3,662,658	3,216,847
Depreciation and amortisation	1,021,995	1,152,911
Shipping and handling charges	654,186	560,202
Financial expenses	392,524	594,251
Rental	172,986	130,874
Technology development costs	327,229	288,459
Processing and repairing expense	353,509	294,912
Power expenses	382,215	283,549
Selling operation expenses	133,678	149,651
Other expenses-other manufacturing expenses	248,483	164,295
Other expenses-other selling and distribution expenses	226,841	209,567
Other expenses-other general and administrative expenses	560,951	663,795
	41,727,066	31,460,108

55. Asset impairment losses and credit losses

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Credit loss		
Notes receivable and accounts receivable	5,965	25,988
Other receivables	29,147	141,923
Long-term receivables	35,386	61,838
Contract assets	4,314	–
Sub-total	74,812	229,749
Assets Impairment Losses		
Prepaid expenses	311	6,675
Decline in the value of inventories and contractual performance costs	5,281	(3,521)
Long-term equity investments	2,070	–
Fixed assets	4	1,534
Goodwill	2,087	–
Sub-total	9,753	4,688
Total	84,565	234,437

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

56. Other income

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017	Asset related/Income related
Financial subsidies	93,505	57,088	Asset related/Income related
Tax refund	16,378	27,472	Income related
Others	11,096	6,472	Income related
Total	120,979	91,032	

57. Investment income

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Income from disposal of financial assets at fair value through profit	33,557	(1,830)
Income earned during the holding period of other equity instrument	6,906	4,106
Income earned from disposal of available-for-sale financial assets	–	533
Income from long-term equity investment under equity method	25,375	2,538
Income/(loss) from disposal of long-term equity investment	116,892	(25,460)
Others	13,041	9,485
Total	195,771	(10,628)

58. Profit arising from changes in fair value

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Financial assets at fair value through profit or loss		
– Changes in fair value during the period		
1. Profit from changes in fair value of equity instrument held for trading	21,284	29,834
2. Profit/(loss) from changes in fair value of derivative financial instrument	129,930	(73,769)
– Profit for derecognised financial assets at fair value through profit or loss	(33,557)	1,830
Sub-total	117,657	(42,105)
Financial liabilities at fair value through profit or loss		
– Changes in fair value during the period		
Profit/(loss) from changes in fair value of derivative financial instrument	(162,154)	9,479
Sub-total	(162,154)	9,479
Total	(44,497)	(32,626)

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Gain on disposal of assets

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017	Amount recognised in non-recurring profit or loss from 1 January to 30 June 2018
Gains on disposals of fixed assets	37,319	6,804	37,319
Gain on disposals of Intangible assets	–	6,935	–
Total	37,319	13,739	37,319

60. Non-operating income

Non-operating income by categories:

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017	Amount recognised in non-recurring profit or loss from 1 January to 30 June 2018
Unpayable payables	2,344	2,694	2,344
Compensation income	1,301	5,868	1,301
Penalty income	4,191	7,348	4,191
Others	14,057	37,306	14,057
Total	21,893	53,216	21,893

61. Non-operating expense

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017	Amount recognised in non-recurring profit or loss from 1 January to 30 June 2018
Donations	507	352	507
Penalty expenses	2,956	1,699	2,956
Compensation expenses	6,181	11,486	6,181
Abnormal losses	943	679	943
Others	9,878	800	9,878
Total	20,465	15,016	20,465

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

62. Income tax expenses

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Current income tax calculated based on tax law and related regulations	547,793	499,609
Deferred income tax	(33,939)	10,024
Total	513,854	509,633

Reconciliation between income tax expenses and accounting profits is as follows

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Profit before tax	1,829,811	1,576,142
Income tax expenses calculated at applicable tax rates	451,757	395,233
Effect of tax incentive	(78,348)	(63,499)
Expenses not deductible for tax purposes	13,606	20,714
Other income not subject to tax	(76,982)	(90,621)
Utilisation of previously unrecognised tax losses	(21,020)	(5,941)
Tax effect of unrecognised tax losses	168,984	112,902
Deductible temporary differences for which no deferred tax asset was recognised in previous years	58,317	142,126
Effect of tax rate change on deferred tax	(1,307)	(735)
Tax refund for income tax annual filing	(1,153)	(546)
Income tax expenses	513,854	509,633

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

63. Basic Earnings per share and calculation method of diluted earnings per share

(1) Basic earnings per share

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

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	965,397	796,898
Influence of the issuing of perpetual bonds	(51,900)	(35,908)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	913,497	760,990
Weighted average number of ordinary shares outstanding('000)	2,984,385	2,979,059
Basic earnings per share(RMB/share)	0.3061	0.2554
Including: Going concern basic earnings per share	0.3061	0.2554

(2) Diluted earnings per share

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

	January- June 2018	January- June 2017
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	965,397	796,898
Influence of the issuing of perpetual bonds	(51,900)	(35,908)
Effect of subsidiaries' share option program	(4,113)	(1,371)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	909,384	759,619
Weighted average number of ordinary shares outstanding (diluted) ('000) (adjusted)	2,993,179	2,986,410
Diluted earnings per share (RMB/share)	0.3038	0.2544

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

	January- June 2018	January- June 2017
Weighted average number of ordinary shares out-standing ('000)	2,984,385	2,979,059
Effect of share options ('000)	8,794	7,351
Weighted average number of ordinary shares out-standing (diluted) ('000)	2,993,179	2,986,410

The board of directors the Company was authorised to grant 60,000,000 shares (2.01% of the total issued shares 2,984,384,669) to the senior management and other staffs. Refer to Note IX for details.

Notes to the Financial Statements

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

64. Notes to the consolidated cash flow statement

(1) Cash received relating to other operating activities

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Cash received from government grants	291,227	595,255
Cash received from penalty income	4,191	24,192
Cash received from compensation income	1,301	6,935
Others	68,063	83,278
Total	364,782	709,660

(2) Cash paid relating to other operating activities

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Cash paid for transportation and distribution expenses	592,702	520,417
Cash paid for rental, insurance and other selling and distribution expenses	82,007	75,806
Cash paid for technical development costs	327,229	288,459
Cash paid for warranty	61,853	44,543
Cash paid for external sales commission	23,596	24,163
Cash paid for office expenditure, entertainment fee and other expenses	360,442	422,873
Others	363,011	146,851
Total	1,810,840	1,523,112

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

(3) Cash paid related to other investing activities

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Cash paid from minority interests	752,134	–
Total	752,134	–

(4) Cash received relating to other financing activities

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Cash received from share option exercised by subsidiary	18,332	4,506
Cash received from disposal of subsidiaries (without losing control)	62,700	–
Total	81,032	4,506

(5) Cash paid relating to other financing activities

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Cash paid for from acquiring minority interests	–	81,616
Total	–	81,616

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For the period started from 1 January and ended 30 June 2018

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Information to cash flow statement

(1) Supplementary information to the consolidated cash flow statement

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

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Net profit	1,315,957	1,066,509
Add: Provisions for asset impairment	84,565	234,437
Depreciation of fixed assets	805,668	916,498
Amortisation of intangible assets	158,148	175,734
Amortisation of investment properties and long-term prepaid expenses	58,179	60,679
Losses/(gain) on disposal of fixed assets, intangible assets and other long-term assets	(37,319)	(13,739)
Losses/(gain) on change in fair value	44,497	32,626
Financial cost	457,520	404,604
Investment (income)/losses	(195,771)	10,628
Share-based payment expenses	4,435	9,583
(Increase)/decrease in deferred tax assets	(42,907)	(19,246)
Increase in deferred tax liabilities	8,968	30,470
Increase in inventories	1,815,656	922,591
Decrease in operating receivables	(6,805,317)	(6,337,636)
(Decrease)/increase in operating payables	1,471,482	1,838,046
Net cash flows from operating activities	(856,239)	(668,216)

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

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
Cash and cash equivalents at the end of the period	4,643,026	5,940,423
Less: cash and cash equivalents at the beginning of the year	5,442,857	6,338,667
Net increase/(decrease) in cash and cash equivalents	(799,831)	(398,244)

Notes to the Financial Statements

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

65. Information to cash flow statement (Continued)

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

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
I. Information on acquisition of subsidiaries and other business units:		
Cash and cash equivalents paid for acquisition	19,729	5,000
Less: Cash and cash equivalents held by subsidiaries and other business units on acquisition date	–	–
Net cash paid/(receive) for the acquisition	19,729	5,000

(3) Information on disposal of subsidiaries

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
I. Information on disposal of subsidiaries:		
Cash and cash equivalents received on acquisition	126,743	–
Less: Cash and cash equivalents held by subsidiaries and other business units on acquisition date	–	–
Net cash paid/(receive) for the acquisition of subsidiaries	126,743	–

(4) Cash and cash equivalents

	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
I. Cash		
Including: Cash on hand	3,743	155,947
Cash at bank that can be readily drawn on demand	3,634,285	4,686,435
Other monetary fund that can be readily drawn on demand	417,287	77,875
II. Redemptory monetary capital for sale by Finance Company	587,711	1,020,166
Cash and cash equivalents at the end of the period	4,643,026	5,940,423

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

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Monetary items denominated in foreign currency

	Functional currency	30 June 2018 Exchange Rate	in RMB
Monetary fund –			
EUR	197,005	7.6511	1,507,302
USD	495,300	6.6181	3,277,943
HKD	377,446	0.8431	318,225
GBP	7,203	8.6580	62,366
THB	388,749	0.1998	77,672
AUD	3,599	4.8638	17,504
JPY	208,130	0.0599	12,467
Others			133,244
			5,406,723
Accounts receivable –			
USD	2,298,107	6.6181	15,209,105
EUR	167,994	7.6511	1,285,339
GBP	49,831	8.6580	431,439
JPY	509,933	0.0599	30,545
HKD	38,189	0.8431	32,197
AUD	6,132	4.8638	29,827
THB	32,988	0.1998	6,591
Others			267,811
			17,292,854
Other receivables –			
USD	121,784	6.6181	805,981
EUR	23,434	7.6511	179,298
GBP	4,265	8.6580	36,930
HKD	21,862	0.8431	18,432
AUD	304	4.8638	1,477
THB	3,884	0.1998	776
Others			80,653
			1,123,547
Long-term receivables –			
USD	50,460	6.6181	333,952
GBP	25,067	8.6580	217,030
HKD	48,795	0.8431	41,139
Others			6,415
			598,536

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IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

66. Monetary items denominated in foreign currency (Continued)

	Functional currency	30 June 2018 Exchange Rate	in RMB
Short-term borrowings –			
USD	2,173,306	6.6181	14,383,158
EUR	66,908	7.6511	511,920
Others			347,293
			15,242,371
Accounts payable –			
USD	230,507	6.6181	1,525,517
GBP	52,741	8.6580	456,632
EUR	149,913	7.6511	1,146,996
HKD	67,031	0.8431	56,514
AUD	6,856	4.8638	33,345
THB	92,888	0.1998	18,559
Others			200,988
			3,438,551
Other payables –			
USD	151,340	6.6181	1,001,586
EUR	40,722	7.6511	311,569
GBP	9,425	8.6580	81,599
JPY	207,396	0.0599	12,423
HKD	9,768	0.8431	8,235
AUD	1,393	4.8638	6,774
THB	17,593	0.1998	3,515
Others			153,531
			1,579,232
Long-term borrowings –			
USD	3,266,680	6.6181	21,619,216
GBP	17,916	8.6580	155,114
AUD		4.8638	123
			21,774,453
Long-term payables –			
USD	23,137	6.6181	153,120

The above-mentioned foreign currency monetary items refer to all currencies except RMB. (The scope is different from the foreign currency items in Note XIV (1) (a))

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V. CHANGES IN THE SCOPE OF CONSOLIDATION

1. Business combinations involving enterprises not under common control

There are no business combinations involving enterprises not under common control in current period.

2. Disposal of subsidiaries

There are no disposals of significant subsidiaries.

VI. EQUITY IN OTHER ENTITIES

1. Equity in subsidiaries

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

As at 30 June 2018, the number of companies included in the scope of consolidation added up to 623. Except for the important subsidiaries listed as below, the number of other subsidiaries held by the Group was 346, with paid-in capital amounting to RMB702,229,906.84. Other subsidiaries mainly included those engaged in manufacturing or service provision, which have relatively small scale of operation and the paid-in capital was below 20 million or USD3 million. Other subsidiaries also included those investment holding companies with no operating activities registered in Hong Kong, British Virgin Islands or other overseas countries.

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(1) Subsidiaries obtained through establishment or business combination

(i) Domestic subsidiaries

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
						Direct	Indirect
1 Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (SCIMC)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture, repair and sale of container, container stockpiling business	RMB137,698,700	100.00%	–
2 Shenzhen Southern CIMC Logistics Equipment Manufacturing Co., Ltd. (SCIMCEL)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Manufacture and repair of container, design and manufacture of new-style special road and port equipments	USD80,000,000	–	100.00%
3 Xinhui CIMC Container Co., Ltd. (XHCIMC)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture, repair and sale of containers	USD24,000,000	–	70.00%
4 Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, repair and sale of containers	USD7,700,000	–	71.00%
5 Tianjin CIMC Containers Co., Ltd. (TJCMC)	Business entity	Tianjin	Tianjin	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD50,000,000	–	100.00%
6 Dalian CIMC Containers Co., Ltd. (DLCIMC)	Business entity	Dalian, Liaoning	Dalian, Liaoning	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD39,956,400	18.50%	81.50%
7 Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Business entity	Ningbo Zhejiang	Ningbo Zhejiang	Manufacture and sale of container as well as relevant technical advisory; container stockpiling business	USD15,000,000	–	100.00%
8 Taicang CIMC Containers Co., Ltd. (TCCIMC)	Business entity	Taicang Jiangsu	Taicang Jiangsu	Manufacture and repair of container	USD31,000,000	–	100.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration		Business scope	Share capital issued and information of bonds	Shareholding percentage		
			Place	Main Premises			Direct	Indirect	
9	Yangzhou Runyang Logistics Equipments Co., Ltd. (YZRYL)	Business entity	Yangzhou	Jiangsu	Yangzhou Jiangsu	Manufacture, repair and sales of container	USD20,000,000	–	100.00%
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd. (SHYSLE)	Business entity	Shanghai		Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD29,480,000	–	100.00%
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRCL)	Business entity	Shanghai		Shanghai	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car	USD31,000,000	72.00%	20.00%
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Business entity	Nantong	Jiangsu	Nantong Jiangsu	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD10,000,000	–	71.00%
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Business entity	Jiangmen	Guangdong	Jiangmen Guangdong	Manufacture and sale of various container, semi-finished container product, and leasing and maintenance of relevant components and parts	USD65,498,958	–	100.00%
14	Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT)	Business entity	Nantong	Jiangsu	Nantong Jiangsu	Manufacture and sale of various container, semi-finished container product and relevant components and parts	USD35,000,000	–	70.31%
15	Nantong CIMC Large-sized Tank Co., Ltd. ("Nantong CIMC")	Business entity	Nantong	Jiangsu	Nantong Jiangsu	Design, production and sale of tanks and relevant parts; undertaking tank-related general contracting projects	USD47,700,000	–	70.31%
16	Shenzhen CIMC special car Co., Ltd. (CIMCSV)	Business entity	Shenzhen	Guangdong	Shenzhen Guangdong	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB200,000,000	–	63.33%
17	Qingdao CIMC Special Vehicle Co., Ltd. (QDSV)	Business entity	Qingdao	Shandong	Qingdao Shandong	Development, production and sales of various special-use vehicles, refitting trailer series as well as relevant components and parts	RMB62,880,000	44.34%	35.25%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
18	Foshan CIMC Logistics Equipment Co., Ltd. ("Foshan Logistics")	Business entity	Foshan Guangdong	Foshan Guangdong	Design, production, sale, modification and maintenance of logistics and tooling equipment	RMB3,000,000	-	100.00%
19	Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Business entity	Shanghai	Shanghai	Development, construction, operation leasing, sales of warehousing and auxiliary facilities, property management and relevant services	RMB90,204,100	-	63.33%
20	Shenzhen CIMC New Material Technology Development Co., Ltd. ("CIMC New Material")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Production and sales of floors for containers and related products; relevant services	RMB30,000,000	12.00%	74.76%
21	CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Business entity	Yingkou Liaoning	Yingkou Liaoning	Development and production of various special-use transport vehicles as well as components and parts; relevant services	RMB60,000,000	-	63.33%
22	Tianjin Port CIMC Zhenhua Logistics Co., Ltd. ("Tianjin Port CIMC")	Business entity	Tianjin	Tianjin	International and domestic freight agency	RMB100,000,000	-	61.50%
23	CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd. (XASV)	Business entity	Xi'an Shaanxi	Xi'an Shaanxi	Development and production of various special-use vehicles as well as components and parts; related technical services	RMB50,000,000	-	47.50%
24	Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	Business entity	Baiyin Gansu	Baiyin Gansu	Refitting of special vehicles, manufacture of trailer and fittings as well as relevant products	RMB25,000,000	-	63.33%
25	Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	RMB129,000,000	-	63.33%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
26	Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Business entity	Qingdao Shandong	Qingdao Shandong	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB137,930,000	–	63.33%
27	Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Business entity	Shanghai	Shanghai	Development and production of box trailer, box car as well as relevant mechanical products	RMB10,000,000	–	63.33%
28	CIMC Financing and Leasing Co., Ltd. (CIMC Financing and Leasing)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Finance lease business; disposal and maintenance for residual value of leased property; advisory and warranty for leasing transaction	USD70,000,000	75.00%	25.00%
29	Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Business entity	Qingdao Shandong	Qingdao Shandong	Manufacture and sales of various refrigerator truck, insulated truck, other transport equipments and spare parts	USD29,405,000	–	75.80%
30	Nantong CIMC energy equipment Co., Ltd. ("Nantong Energy Equipment")	Business entity	Nantong Jiangsu	Nantong Jiangsu	Manufacturing and repair of large-scale storage tanks, production of various pressurized tank cars, special tanks, tanks and components	RMB69,945,600	–	70.31%
31	Shenzhen CIMC – Tianda Airport Support Ltd. (TAS)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Production and operation of various airport-purpose electromechanical equipment products	USD13,500,000	–	54.70%
32	Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Production and sales of container-purpose wood floor and relevant products; relevant services	USD128,310,000	–	100.00%
33	Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Business entity	Inner Mongolia	Inner Mongolia	Production and sales of various container wood floors and wood products for transport equipments	RMB259,520,000	–	100.00%
34	Jiaxing CIMC Wood Co., Ltd. (JXW)	Business entity	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production and sales of container wood floors, wood products for transport equipments	USD5,000,000	–	88.71%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
35	Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD5,000,000	-	100.00%
36	Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Business entity	Ningbo Zhejiang	Ningbo Zhejiang	Goods traffic; goods package, sorting, examination and logistics advisory service	RMB30,000,000	-	100.00%
37	CIMC Shenfa Development Co., Ltd. (CIMC SD)	Business entity	Shanghai	Shanghai	Investment, construction and operation for infrastructure; real estate development and operation	RMB204,123,000	98.53%	1.47%
38	CIMC Vehicle (Xinjiang) Co., Ltd. (SJ4S)	Business entity	Urumqi, Xinjiang	Urumqi, Xinjiang	Production and sales of mechanical equipments as well as relevant technical development	RMB80,000,000	-	63.33%
39	CIMC Vehicle (Group) Co., Ltd. (HI)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD212,225,100	44.33%	19.00%
40	Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Business entity	Qingdao Shandong	Qingdao Shandong	Manufacture of reefers, heat retention containers, aluminium containers and box semi-trailers and mechanical components and parts	USD39,184,100	-	100.00%
41	Tianjin CIMC Logistics Equipments Co., Ltd. (TJCMCLE)	Business entity	Tianjin	Tianjin	Design, manufacture, sale, maintenance And relevant technical advisory for logistics equipments and relevant components and parts	USD10,000,000	-	83.50%
42	Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Business entity	Dalian Liaoning	Dalian Liaoning	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD20,120,000	-	100.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
						Direct	Indirect
43 Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Business entity	Chongqing	Chongqing	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD8,000,000	75.00%	25.00%
44 Dalian CIMC Heavy Logistics Equipments Co., Ltd. (DLZH)	Business entity	Dalian Liaoning	Dalian Liaoning	International trade, entrepot trade; design, manufacture, sale, and relevant technical advisory of pressure vessel	USD45,170,000	62.70%	37.30%
45 Shenzhen CIMC Intelligent Technology Co., Ltd. ("CIMC Tech")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Design, development, sale, surrogate of electron production software and system	RMB70,294,188	59.46%	8.54%
46 CIMC Taicang refrigeration equipment logistics Co., Ltd. (TCCRC)	Business entity	Taicang Jiangsu	Taicang Jiangsu	Research and development, production and sale of reefer container and special container	RMB450,000,000	–	100.00%
47 Hunan CIMC Bamboo Industry Development	Business entity	Suining Hunan	Suining Hunan	Manufacturing and sale of bamboo and wood product	RMB28,000,000	–	85.60%
48 CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd (QHVD)	Business entity	Qinhuangdao Hebei	Qinhuangdao Hebei	Sale of car and car components and parts	RMB70,000,000	–	47.50%
49 Shenzhen South CIMC Logistics Co., LTD ("South Logistics")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Logistics service	RMB80,000,000	–	100.00%
50 CIMC Management and Training (Shenzhen) Co., Ltd. ("CIMC Training")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Design of marketing activities scheme organisation of academic and commercial conference and exhibition	RMB50,000,000	100.00%	–
51 Yangzhou Lijun Industry and Trade Co., Ltd. ("Yangzhou Lijun")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Production and sales of mechanical equipments and relevant components and parts; technical advisory and other service	RMB70,000,000	–	100.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
						Direct	Indirect
52 Yangzhou Taili Special Equipment Co., Ltd. ("Yangzhou Taili")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Design, manufacturing and maintenance of containers, board square cabin and; relevant components and parts relevant advisory and service	RMB70,000,000	-	100.00%
53 CIMC Marine Engineering Academe Co., Ltd. ("MEA")	Business entity	Yantai, Shandong	Yantai, Shandong	Research and development of marine operation platform and other marine	RMB150,000,000	75.00%	25.00%
54 Shanghai Lifan Container Service Co., Ltd. ("Shanghai Lifan")	Business entity	Shanghai	Shanghai	Refitting and maintenance of containers; providing containers information system management and advisory service	RMB1,000,000	-	70.00%
55 CIMC Wood New Environmental Protection Material Co., Ltd. ("CIMC Xincai")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Development, production and sales of wood products for various modern transportation equipment	RMB92,249,100	63.71%	21.24%
56 Shenzhen CIMC Industry & City Development Co., Ltd. ("CIMC Chancheng")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Real estate development	RMB339,512,100	-	61.50%
57 Yangzhou CIMC grand space Real Estate Development., Ltd ("CIMC Haoyu")	Business entity	Yangzhou Jiangsu	Yangzhou Jiangsu	Real Estate Development, sales and leasing	RMB25,000,000	-	76.90%
58 Ningbo Runxin Container Co., Ltd ("Ningbo Runxin")	Business entity	Ningbo Zhejiang	Ningbo Zhejiang	Cleaning and repair of containers, devanning, vanning	RMB5,000,000	-	60.00%
59 Chengdu CIMC Industrial Park Investment and Development Co., Ltd. ("Chengdu Industrial Park")	Business entity	Chengdu Sichuan	Chengdu Sichuan	Construction, management and lease of storage and relevant facilities; sales of vehicles and accessories	RMB60,000,000	-	63.33%
60 CIMC Finance Company ("Finance Company")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Providing financial service to fellow subsidiaries in the Group	RMB500,000,000	100.00%	-

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
61	Shenzhen CIMC Investment Holding company ("SZ Investment Holding")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Equity investment; sales and leasing of containers and container property	RMB75,000,000	100.00%	–
62	Zhumadian CIMC Huajun Vehicle Trading Co., Ltd. ("HJQM")	Business entity	Zhumadian, Henan	Zhumadian, Henan	Sales and repair of various vehicles, as well as relevant components and parts	RMB10,000,000	–	63.33%
63	Zhumadian CIMC Huajun Casting Co. Ltd. (HJCAST)	Business entity	Zhumadian, Henan	Zhumadian, Henan	Casting manufacturing for vehicle and mining machinery	RMB297,762,000	–	63.33%
64	Ocean Engineering Design & Research Institute of CIMC (SHOE)	Business entity	Shanghai	Shanghai	Design and research of marine operation platform and other ocean engineering	RMB50,000,000	–	100.00%
65	Shenzhen CIMC Investment Co., Ltd ("SZ Investment")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Equity investment, investment management and related investment business	RMB140,000,000	100.00%	–
66	Shenzhen Sky Capital Co., Ltd (SESKYC)	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Equity investment, investment management and related investment business	RMB200,000,000	95.00%	5.00%
67	Ningbo MRO Trading Co., Ltd. (MRO)	Business entity	Ningbo Zhejiang	Ningbo Zhejiang	Production and sales of gas mask and other plastic productions	RMB10,000,000	–	100.00%
68	CIMC Container Holding Co., Ltd. ("Container Holding")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Equity investment and management and related investment business	RMB5,292,828,900	100.00%	–

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
						Direct	Indirect
69 Chengdu CIMC Logistics Equipments Co., Ltd. ("Chengdu Logistics Equipment")	Business entity	Chengdu Sichuan	Chengdu Sichuan	Chemical liquid tank truck and semi-trailer	RMB15,000,000	-	63.33%
70 Shaanxi CIMC Vehicle Industry Garden Shanxi Investment and Development Co., Ltd. ("Shanxi Vehicle Garden")	Business entity	Xianyang Shaanxi	Xianyang Shaanxi	Production and sales of various special vehicle	RMB80,000,000	-	63.33%
71 CIMC Modular Building Investment Co. Ltd. ("Modular Investment")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Equity investment, property investment and investment management	RMB150,000,000	-	100.00%
72 CIMC Modular building design & Development Co. Ltd. ("Modular design")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Design modular building and decorations	RMB50,000,000	-	73.05%
73 CIMC Cold Chain Research Institute Co., Ltd. ("Cold Chain Research")	Business entity	Qingdao Shandong	Qingdao Shandong	Standard shipping of refrigerated containers and special refrigerated containers	RMB50,000,000	-	100.00%
74 CIMC Cold Chain Investment Co. Ltd. ("Cold Chain Investment")	Business entity	Qingdao Shandong	Qingdao Shandong	Property and project investments	RMB979,000,000	-	100.00%
75 Shenyang CIMC Industrial Park Investment and Development Co., Ltd. ("Shenyang Vehicle Garden")	Business entity	Shenyang Liaoning	Shenyang Liaoning	Investment management, asset trustee management	RMB50,000,000	-	63.33%
76 Shenzhen Tianda CIMC Logistics System Engineering Co Ltd ("Tianda Logistics")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Automatic logistics system engineering, real-time logistics management system	RMB60,000,000	-	54.70%
77 Dongguan CIMC Innovation Industrial Park Development Co., Ltd. ("Dongguan innovation park")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Innovation industrial park investment, real estate development & management	RMB64,516,129	-	61.50%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
78	Zhejiang Teng Long Industry Group Co., Ltd. ("Teng Long industry")	Business entity	Quzhou Zhejiang	Quzhou Zhejiang	Sale of wood and bamboo products, bamboo and wood technology research and development, consulting	RMB6,000,000	-	43.32%
79	Shenzhen CIMC LEO Satellite Internet of things Industrial Park Development Co., Ltd. ("CIMC LEO")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Satellite correlation system, Modular, Technical consultation of related components, Technical services and transfer	RMB100,000,000	-	58.43%
80	Shanghai Xinzhitu Logistics ("Shanghai Xinzhitu")	Business entity	Shanghai	Shanghai	International Freight transport agents, general cargo transport	RMB10,000,000	-	100.00%
81	Qianhai CIMC leasing (Shenzhen) Co., Ltd. ("Qianhai rental")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Financing lease business Lease transaction advisory	RMB1,000,000,000	-	100.00%
82	Shenyang CIMC logistics equipment Co., Ltd. ("Shenyang Logistics")	Business entity	Shenyang Liaoning	Shenyang Liaoning	Manufacturing, R&D, sales, installation and advisory of logistics equipment	RMB6,000,000	-	100.00%
83	Langfang CIMC airport equipment Limited company ("Langfang")	Business entity	Langfang Hebei	Langfang Hebei	Production and operation of various airport and port mechanical	RMB10,000,000	-	54.70%
84	Yantai Tiezhongbao steel processing Co., Ltd. ("Yantai Tiezhongbao")	Business entity	Yantai Shandong	Yantai Shandong	R&D, manufacturing leg structure; sales of products	USD9,150,200	-	65.00%
85	Qingdao CIMC Innovation Industrial Park Development Co. Ltd. ("Qingdao Creative Industry Park")	Business entity	Qingdao Shandong	Qingdao Shandong	Development and management of real estate and property; advisory service for real estate and investment	RMB10,000,000	-	52.67%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
86	Anhui United Feicai Vehicle Co., Ltd. ("United Feicai")	Business entity	Xuancheng Anhui	Xuancheng Anhui	Production and sales of various special-use vehicles and engineering machinery	RMB158,000,000	–	70.06%
87	Zhenhua (Tianjin) Container Service Co., Ltd. ("Zhenhua Container Service")	Business entity	Tianjin	Tianjin	Domestic and international freight transport agents, and relevant advisory service	RMB85,761,300	–	75.00%
88	Kunshan CIMC Automatic logistic equipment Co., Ltd. ("Kunshan CIMC")	Business entity	Kunshan Jiangsu	Kunshan Jiangsu	Automatic logistics system, and air cargo handling system	RMB80,000,000	–	50.31%
89	CIMC Tianda (Longyan) Investment Development Co., Ltd. ("Tianda (Longyan) Investment")	Business entity	Longyan Fujian	Longyan Fujian	The parking lot investment, asset management and real estate development business	RMB20,000,000	–	32.82%
90	Albert Ziegler GmbH (Beijing) Sales Co., Ltd. ("Ziegler")	Business entity	Beijing	Beijing	Fire trucks, rescue vehicles and relevant accessories, machinery equipment import-export business relevant agent business	EUR1,500,000	–	60.00%
91	Shenzhen CIMC Technology Co., Ltd. ("Shenzhen CIMC Technology")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Automatically identify products, radio frequency identification systems and products, and provide consulting services	RMB15,000,000	–	34.45%
92	Nantong CIMC Sanctum Cryogenic Equipment Co., Ltd. ("Sanctum Nantong")	Business entity	Nantong Jiangsu	Nantong Jiangsu	Manufacture and sales of cryogenic equipment and chemical metallurgy equipment, etc.	RMB20,000,000	–	70.31%
93	Dongguan CIMC Special Vehicle Co., Ltd. ("Dongguan CIMC Special Vehicle")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB200,000,000	–	63.33%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
94	Dongguan Jiwang Industrial Park Co., Ltd. ("Dongguan Jiwang")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Project investment, real estate development, rental and sales of houses and sites	RMB30,000,000	100.00%	–
95	Zhenhua (Tianjin) supply chain management co., Ltd ("Zhenhua supply chain management")	Business entity	Tianjin	Tianjin	Warehouse service; Logistic Distribution and loading, unloading, handling services	RMB79,475,000	–	75.00%
96	CIMC Technology Co., Ltd ("Jiangmen CIMC technology")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Intelligent equipment technology development Industrial investment	RMB358,860,700	–	100.00%
97	Shenzhen CIMC Vehicle Park Investment Management Co., Ltd. ("Shenzhen Vehicle Park")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Investment management, assets fiduciary management	RMB152,500,000	–	63.33%
98	CIMC Modern Logistics Development Co., Ltd. ("Modern Logistic")	Business entity	Tianjin	Tianjin	International and domestic freight transport agents, general and CIQ affairs	RMB1,049,226,700	100.00%	–
99	Dongguan Southern CIMC Logistic Equipment Manufacturing Co., Ltd. ("Dongguan Southern CIMC")	Business entity	Dongguan, Guangdong	Dongguan, Guangdong	Manufacture and repair container and containers stacking storage operation	RMB600,000,000	–	100.00%
100	Ningbo CIMC Container Manufacture Co., Ltd. ("Ningbo Container Manufacture")	Business entity	Ningbo	Ningbo	Manufacture, production and sales of containers	RMB500,000,000	–	100.00%
101	Shenzhen CIMC Peng Feng Venture Investment Co., Ltd ("Peng Feng Venture Investment")	Business entity	Shenzhen	Shenzhen	Equity investment	RMB50,000,000	–	100.00%
102	Shenzhen Three HuaZhuoYue investment co., Ltd ("Shenzhen Three HuaZhuoYue")	Business entity	Shenzhen	Shenzhen	Investment holding	RMB30,000,000	–	70.06%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
103	Shenzhen Qianhai CIMC Investment Development Co., Ltd. ("Qianhai CIMC")	Business entity	Shenzhen	Shenzhen	Investment, Consultation and Operation of industrial park projects	RMB30,000,000	–	100.00%
104	Yangzhou CIMC Hongyu Real Estate Co., Ltd. ("Yangzhou Hongyu Real Estate")	Business entity	Yangzhou	Yangzhou	Real estate development; sales and lease of properties, investment in hotels	RMB25,000,000	–	61.50%
105	Yangzhou CIMC Dayu Real Estate Co., Ltd. ("Yangzhou Dayu Real Estate")	Business entity	Yangzhou	Yangzhou	Real estate development; sales and lease of properties	RMB25,000,000	–	61.50%
106	Yangzhou CIMC Huayu Hotel Investment Co., Ltd. ("Yangzhou Huayu Hotel")	Business entity	Yangzhou	Yangzhou	Food and beverage service, corporate management; advisory and investment management	RMB35,000,000	–	61.50%
107	Taicang CIMC Special Logistics Equipment Co. Ltd. (Taicang Special Equipment)	Business entity	Taicang Jiangsu	Taicang Jiangsu	Production and manufacture of special container equipment	USD20,000,000	–	100.00%
108	Zhengzhou Constant Embellish Energy Co., Ltd. ("Zhengzhou Constant Energy")	Business entity	Zhengzhou	Zhengzhou	Asset management	RMB43,000,000	–	66.00%
109	CIMC Enric Investment Holdings (Shenzhen) Ltd. ("Enric Shenzhen Investment Holding")	Business entity	Shenzhen	Shenzhen	Investment holding	USD80,000,000	–	70.31%
110	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. ("Sanctum Cryogenic")	Business entity	Zhangjiagang	Zhangjiagang	Manufacture, process and sales of cryogenic equipment, petroleum chemical equipment mental products and relevant parts; related advisory service	RMB30,000,000	–	63.50%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
111	Tianjin Hongxin Berg Leasing Co. Ltd. ("Tianjin Hongxin Berg")	Business entity	Tianjin	Tianjin	Financial leasing	RMB240,000,000	-	51.00%
112	CIMC Multimodal Transport Development Co., Ltd. ("CIMC Multimodal Transport Development")	Business entity	Shenzhen	Shenzhen	Multimodal logistics services	RMB100,000,000	-	80.00%
113	Shenzhen CIMC Xinlian Technology Co., Ltd. ("Shenzhen CIMC Xinlian Technology")	Business entity	Shenzhen	Shenzhen	Software, information technology service	RMB100,000,000	-	58.43%
114	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd. ("Shenzhen CIMC Tongchuang Supply Chain")	Business entity	Shenzhen	Shenzhen	Investment holding	RMB200,000,000	-	60.00%
115	CIMC Offshore Holdings Co., Ltd. ("CIMC Offshore Holdings")	Business entity	Shenzhen	Shenzhen	Investment holding	RMB2,335,000,000	100.00%	-
116	Shenzhen CIMC Tianda Jilon Aeronautical Refrigeration Co., Ltd. ("CIMC Tianda Jilon")	Business entity	Shenzhen	Shenzhen	Production of aviation refrigeration equipment, technology import and export business	RMB50,000,000	-	38.29%
117	Tianjin Yongwang Machinery Equipment Leasing Co. Ltd. ("Tianjin Yongwang Machinery Equipment")	Business entity	Tianjin, China	Tianjin, China	Financial service	RMB6,500,000,000	-	15.00%
118	Guangdong CIMC Building Construction Co. Ltd. ("Guangdong CIMC Building Construction")	Business entity	Guangdong	Guangdong	Module supply	RMB50,000,000	-	100.00%
119	CIMC Kaitong Logistics Development Co. Ltd. ("CIMC Kaitong Logistics Development")	Business entity	Nanjing, Jiangsu	Nanjing, Jiangsu	Logistics service	RMB150,000,000	-	51.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
120	Jiangsu Kaitong Shipping Co. Ltd. ("Jiangsu Kaitong")	Business entity	Nanjing	Nanjing	Logistics service	RMB20,000,000	-	51.00%
121	CIMC Enric Energy Equipment (Suzhou) Co., Ltd. ("CIMC Enric Energy Equipment (Suzhou)")	Business entity	Jiangsu	Jiangsu	Energy equipment design, R&D, sales and technology consulting; self employment and agency of various commodities and technology import and export, and technology import and export business	RMB30,000,000	-	70.31%
122	Shenzhen CIMC Cold Chain Technology Co., Ltd. ("Shenzhen CIMC Cold Chain Technology")	Business entity	Shenzhen	Shenzhen	Cold chain equipment design, R&D, sales, leasing, logistics services and technical consultation	RMB20,000,000	-	70.00%
123	Jiangsu Trailer Leasing Co., Ltd. ("Jiangsu Trailer Leasing")	Business entity	Jiangsu	Jiangsu	Rental of equipment, and car, Maintenance of leasing equipment and facilities, information system integration services, transportation and unloading services	RMB200,000,000	-	50.66%
124	Guangzhou CIMC Vehicle Sales Co., Ltd. ("Guangzhou CIMC Vehicle Sales")	Business entity	Guangzhou	Guangzhou	Wholesale industry	RMB30,010,000	-	63.33%
125	Zhumadian Zhongji Wanjia Axle Co., Ltd. ("Wanjia Axle")	Business entity	Zhumadian	Zhumadian	Design, production, sale and technical service of vehicle axle and other auto parts	RMB20,000,000	-	63.33%
126	Shenzhen Qianhai CIMC Qigu Investment Co., Ltd. ("CIMC Qigu")	Business entity	Shenzhen	Shenzhen	Investment consulting; investment in industrial development; investment in technology projects; Bill information consultation, processing and related system applications maintenance services; receivables collection services Business management consulting	RMB100,000,000	-	100%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
127	Shenzhen CIMC Yinggu Supply Chain Co., Ltd. ("CIMC Yinggu")	Business entity	Shenzhen	Shenzhen	Research and development, design, sales, leasing, maintenance and residual value processing for packaging equipment, containers and materials domestic freight forwarders	RMB70,000,000	-	51.00%
128	CIMC Kaitong (Shaanxi) Logistics Development Co. Ltd. ("Kaitong (Shaanxi)")	Business entity	Xi'an	Xi'an	Logistics service	RMB20,000,000	-	30.60%
129	CIMC Zhenyang (Shanghai) Logistics Co., Ltd. ("Zhenyang (Shanghai)")	Business entity	Shanghai	Shanghai	Logistics service	RMB30,000,000	-	100.00%
130	CIMC Kaitong Jiangsu International Multimodal Transport Co., Ltd. ("Kaitong Jiangsu International Multimodal Transport")	Business entity	Nanjing	Nanjing	Logistics service	RMB20,000,000	-	33.15%
131	CIMC Donghan (Shanghai) Shipping Co., Ltd. ("CIMC Donghan")	Business entity	Shanghai	Shanghai	Domestic waterway transport, road freight transport, international cargo transport agency, cargo transport agency international shipping agency, domestic shipping agency	RMB20,000,000	-	30.60%
132	Anjihui Internet of Things Technology (Suzhou) Co., Ltd. ("Anjihui")	Business entity	Suzhou, Jiangsu	Suzhou, Jiangsu	Telecommunication business operations; Development of computer hardware and software, Development of computer network technology, computer system integration, mobile phone software technology	RMB30,000,000	-	70.31%
133	Shenzhen Tianji Industrial City Investment Development Co., Ltd. ("Tianji Investment")	Business entity	Shenzhen	Shenzhen	Real estate development; enterprise management consultation; property management; Hotel management; real estate brokerage; catering enterprise management; business information consultation; marketing planning, etc.	RMB100,000,000	-	31.37%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
134	Shanghai CIMC Jingying Real Estate Co., Ltd. ("Shanghai Jingying")	Business entity	Shanghai	Shanghai	Real estate development; enterprise management consultation; property management; Hotel management; real estate brokerage; catering enterprise management	RMB20,000,000	–	100.00%
135	CIMC New Logistics Development Co., Ltd. ("CIMC New Logistics")	Business entity	Shanghai	Shanghai	Container, general machinery and equipment leasing, property management, international freight forwarding agent, customs declaration business, etc.	RMB10,000,000	–	100.00%
136	Shenzhen CIMC Huijie supply chain Co., Ltd. ("CIMC Huijie")	Business entity	Shenzhen	Shenzhen	Supply chain management and related supporting services; technical development and sales of coatings, pigments and chemical materials; rubber products, etc.	RMB100,000,000	–	85.00%
137	Yantai CIMC Blue Ocean Technology Co., Ltd. ("Yantai Blue Ocean")	Business entity	Yantai	Yantai	Marine fishery and aquaculture; research and development, design and consulting services of fishery equipment and structures; sales of fishery equipment and related equipment, etc.	RMB50,000,000	–	80.00%
138	Shanghai CIMC Sky clean energy Co., Ltd. ("Shanghai Sky clean")	Business entity	Shanghai	Shanghai	Comprehensive Development and Utilization of Clean Energy Technology, Distributed Energy Technology and Energy Internet Technology etc.	RMB30,000,000	–	70.31%
139	CIMC Green Construction Environmental Protection Technology Co., Ltd. ("CIMC Green Construction")	Business entity	Nantong	Nantong	Non metal scrap and debris processing, building materials manufacturing, clay brick and building block manufacturing, etc.	RMB21,000,000	–	70.31%
140	Shanghai Zhi Fei Real Estate Co., Ltd. ("Shanghai Zhi Fei")	Business entity	Shanghai	Shanghai	Real estate development; Real estate brokerage; Enterprise management consultation; Property management; Hotel management; Restaurant enterprise management, etc.	RMB100,000,000	–	100.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(ii) Overseas subsidiaries

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
141	CIMC Holdings (B.V.I.) Limited ("CIMC BVI")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	100.00%
142	CIMC Tank Equipment Investment Holdings Co., Ltd. ("Tank Equipment Investment")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD4,680,000	-	100.00%
143	CIMC-SMM Vehicle (Thailand) CO., LTD. ("Thailand V")	Business entity	Thailand	Thailand	Production and sales of various special vehicles	THB260,000,000	-	51.93%
144	CIMC Vehicle Investment Holding Co., Ltd. ("CIMC Vehicle BVI")	Business entity	Hong Kong China	Hong Kong China	Investment holding	USD1	-	63.33%
145	CIMC Europe BVBA ("BVBA")	Business entity	Belgium	Belgium	Investment holding	EUR18,550	-	100.00%
146	China International Marine Containers (Hong Kong) Limited ("CIMC Hong Kong")	Business entity	Hong Kong China	Hong Kong China	Investment holding	HKD2,000,000	100.00%	-
147	CIMC Burg B.V. ("Burg")	Business entity	Holland	Holland	Investment holding	EUR90,000	-	100.00%
148	Charm Wise Limited ("Charm Wise")	Business entity	Hong Kong China	Hong Kong China	Investment holding	USD50,000	-	100.00%
149	Gold Terrain Assets Limited ("GTA")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	100.00%
150	Full Medal Ltd. ("Full Medal")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	70.31%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(ii) Overseas subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
151	Charm Ray Holdings Limited ("Charm Ray")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD10,000	–	70.31%
152	Charm Beat Enterprises Limited ("Charm Beat")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	–	63.33%
153	Sharp Vision Holdings Limited ("Sharp Vision")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1	–	100.00%
154	Sound Winner Holdings Limited ("Sound Winner")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	–	70.31%
155	Grow Rapid Limited ("Grow Rapid")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1	–	100.00%
156	Powerlead Holding Ltd. ("Powerlead")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD10	–	100.00%
157	Coöperatie Vela Holding U.A. ("Coöperatie Vela Holding U.A.")	Business entity	Holland	Holland	Investment holding	EUR75,000,000	–	70.31%
158	Innovate Alliance Limited ("Innovate")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1	–	100.00%
159	CIMC Financial Leasing (HK) Co Ltd. ("Financial Leasing (HK)")	Business entity	Hong Kong, China	Hong Kong, China	Financial Leasing	HKD500,000	–	100.00%
160	CIMC Offshore Holdings Limited ("CIMC Offshore")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2,234,855,000 And RMB1,000,000,000	–	85.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(ii) Overseas subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
161	Cooperatie CIMC U.A. ("COOP")	Business entity	Holland	Holland	Investment holding	EUR25,500,000	99.00%	1.00%
162	North Sea Rigs Holding Ltd ("NSR")	Business entity	British Virgin Islands	British Virgin Islands	Financial leasing project company	USD6,000	–	48.97%
163	Hongkong CIMC Tianda Airport Support Ltd. ("TAS Hongkong")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1,000,000	–	54.70%
164	CIMC Development (Australia) Pty Ltd ("Development Australia")	Business entity	Australia	Australia	Investment holding	AUD8,000,000	–	100.00%
165	Beacon Holdings Group Ltd ("Beacon Holdings")	Business entity	British Virgin Islands	British Virgin Islands	Financial Leasing project company	USD2,400	–	100.00%
166	Lihua Logistics Company Limited ("Lihua")	Business entity	Hong Kong, China	Hong Kong, China	Logistics	USD4,850,000	–	75.00%
167	Beacon Pacific Group Ltd. ("Beacon Pacific")	Business entity	British Virgin Islands	British Virgin Islands	Financial Leasing project company	USD42,500,000	–	100.00%
168	CIMC Holdings Australia Pty Ltd ("Holdings Aus")	Business entity	Australia	Australia	Investment holding	AUD8,724,000	–	63.33%
169	CIMC Trailer Poland SP Zoo ("Trailer Poland SP Zoo")	Business entity	Poland	Poland	Investment holding	EUR3,000,000	–	63.33%
170	CIMC MBS Hong Kong Limited ("MBS (HK)")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD50,000	–	100.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(ii) Overseas subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
171	CIMC FORTUNE HOLDINGS LIMITED ("Fortune")	Business entity	Hong Kong, China	Hong Kong, China	Financial Services	USD2,000,000	100.00%	-
172	CIMC Modular Building Systems (Australia) Pty Ltd ("MBS AU")	Business entity	Australia	Australia	Module supply	AUD500,000	-	100.00%
173	EVERISE CAPITAL PTY LTD ("EVERISE")	Business entity	Australia	Australia	Investment holding	AUD10	-	100.00%
174	GLOBAL PLUS PTY LTD ("GLOBAL")	Business entity	Australia	Australia	Investment holding	AUD1	-	100.00%
175	HARVEST AVENUE PTY LTD ("HARVEST")	Business entity	Australia	Australia	Investment holding	AUD1	-	100.00%
176	CIMC Intelligence (Hong Kong) Co., Ltd. ("CIMC Intelligence (Hong Kong)")	Business entity	Hong Kong	Hong Kong	R&D Terminal Intelligent Terminal Equipment Provide Internet of Things Solutions	HKD10,000	-	68.00%
177	Adventure Explorer Limited ("Adventure")	Business entity	Hong Kong	Hong Kong	Investment holding	HKD1	-	100.00%
178	Glamor East Limited ("Glamor")	Business entity	Hong Kong	Hong Kong	Investment holding	HKD1	-	100.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

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

(i) Domestic subsidiaries

Name	Category	Registration Place	Main Premises	Business Scope	Share capital issued and information of bonds	Shareholding percentage	
						Direct	Indirect
1 Luoyang CIMC Lingyu Automobile CO., LTD. (LYV)	Business entity	Luoyang, Henan	Luoyang, Henan	Production and sales of passenger car, tank car; machining; operation of import and export business	RMB122,745,700	–	45.26%
2 Wuhu CIMC Ruijiang Automobile CO LTD (WHVS)	Business entity	Wuhu, Anhui	Wuhu, Anhui	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB209,786,100	–	45.76%
3 Liangshan Dongyue Vehicle Co., Ltd. (LSDYV)	Business entity	Liangshan, Shandong	Liangshan, Shandong	Production and sales of mixing truck, special vehicle and components and parts	RMB90,000,000	–	44.39%
4 Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD27,840,000	–	100.00%
5 Qingdao CIMC Reefer Container Manufacture Co., Ltd.(QDCRC)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing maintenance service	USD86,846,680	–	100.00%
6 Tianjin CIMC North Ocean Container Co., Ltd. (TJCMC)	Business entity	Tianjin	Tianjin	Manufacture and sales of container, vehicles and ships; providing after-sales service of containers	USD15,469,300	47.50%	52.50%
7 Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD28,500,000	–	94.74%
8 CIMC Vehicle (Shandong) Co. Ltd. (KGR)	Business entity	Zhangqiu, Shandong	Zhangqiu, Shandong	Development and manufacture of special cars and other series products	USD18,930,100	–	55.10%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

Name	Category	Registration Place	Main Premises	Business Scope	Share capital issued and information of bonds	Shareholding percentage	
						Direct	Indirect
9 Zhangzhou CIMC Container Co., Ltd. (ZZCIMC)	Business entity	Zhangzhou, Fujian	Zhangzhou, Fujian	Manufacture and sale of container as well as relevant technical advisory	USD23,000,000	–	100.00%
10 Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH)	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB434,300,800	–	63.33%
11 Zhumadian CIMC Huajun Vehicle Co. Ltd. (HJCMC)	Business entity	Zhumadian, Henan	Zhumadian, Henan	Refitting of special vehicles, sales of vehicle related materials	RMB205,340,000	–	63.33%
12 Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Business entity	Zhangjiagang, Jiangsu	Zhangjiagang, Jiangsu	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB795,532,000	–	70.31%
13 Donghua Container Transportation Service Co., Ltd. (DHCTS)	Business entity	Shanghai	Shanghai	Container cargo devanning, vanning; canvass for cargo; allotment and customs declaration; container maintenance and stockpiling; supply of components	USD4,500,000	–	70.00%
14 Yangzhou Tonglee Reefer Container Co., Ltd. (TLC)	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture and sale of reefer container and special container; providing relevant technical advisory and maintenance service	USD34,100,000	–	100.00%
15 Qingdao Kooll Logistics Co., Ltd (QDHFL)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Container warehousing, stockpiling, devanning, vanning, load and unload, cleaning, maintenance; goods processing	RMB20,000,000	–	80.00%
16 Enric (Bengbu) Compressor Co., Ltd. ("Enric Bengbu")	Business entity	Bengbu, Anhui	Bengbu, Anhui	Manufacturing base of NG compressor and related products	HKD60,808,400	–	70.31%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

Name	Category	Registration Place	Main Premises	Business Scope	Share capital issued and information of bonds	Shareholding percentage	
						Direct	Indirect
17 Shijiazhuang Enric Gas Equipment Co., Ltd. ("Shijiazhuang Enric")	Business entity	Shijiazhuang, Hebei	Shijiazhuang, Hebei	Manufacturing and sales of pressure vessel	USD32,000,000	–	70.31%
18 Enric (Langfang) Energy Equipment integration Co., Ltd. ("Langfang Enric")	Business entity	Langfang, Hebei	Langfang, Hebei	Manufacturing and exploiting Energy Equipment integration	HKD115,000,000	–	70.31%
19 Enric (Beijing) Energy Technology Co., Ltd. ("Beijing Enric")	Business entity	Beijing	Beijing	Manufacturing and exploiting Energy Equipment integration	HKD40,000,000	–	70.31%
20 CIMC Enric (Jingmen) Energy Equipment	Business entity	Jingmen, Hubei	Jingmen, Hubei	Sales of chemical and gas machineries and equipments as well as after sales services; research and development of energy conservation techniques	HKD50,000,000	–	70.31%
21 Jingmen Hongtu Special Aircraft manufacturing Co., Ltd ("Jingmen Hongtu")	Business entity	Jingmen, Hubei	Jingmen, Hubei	Development and sales of flight vehicle manufacturing techniques, design, production and sales of specialised motor vehicles tanks and pressure vessel	RMB100,000,000	–	56.25%
22 Ningguo CIMC Wood Co., Ltd. (NGCIMCW)	Business entity	Ningguo, Anhui	Ningguo, Anhui	Production and sales of self-manufactured plywood floors decorative floors and related bamboo and wood products; wood purchase for production	RMB9,884,600	–	50.97%
23 Yantai CIMC Raffles offshore Ltd. (CIMC Raffles)	Business entity	Yantai, Shandong	Yantai, Shandong	Construction of dock; Designation, production of ship; manufacture and production of equipment of pressure and offshore oil platform	RMB2,291,190,000	–	83.20%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business Scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
24	Yantai CIMC Raffles ship Co., Ltd ("YCRS")	Business entity	Yantai, Shandong	Yantai, Shandong	Construction and repair of ship as well as component; manufacturing and sales of container and offshore oil platform channel and steel production	RMB125,980,000	-	70.95%
25	Haiyang CIMC Raffles Offshore Ltd. ("HCRO")	Business entity	Haiyang, Shandong	Haiyang, Shandong	Construction of dock; design and production of ship; production and sales of equipment of pressure and offshore oil platform	RMB200,000,000	-	83.20%
26	Longkou CIMC Raffles Offshore Engineering Co., Ltd ("LCRO")	Business entity	Longkou, Shandong	Longkou, Shandong	Construction of offshore project and supplement of construction materials	RMB290,000,000	-	83.20%
27	Shandong Master Special Vehicle Manufacturing Co., Ltd ("SDMV")	Business entity	Jining, Shandong	Jining, Shandong	Manufacture and sales of mixing truck, special vehicle and components and parts	RMB66,000,000	-	44.39%
28	Xinfa Airport Equipment Ltd. ("Xinfa Airport")	Business entity	Beijing	Beijing	Airport shuttle buses	RMB25,000,000	-	38.29%
29	Yangjiang Shangdong Furi Real Estate Co., Ltd. ("YJFR")	Business entity	Yangjiang, Guangdong	Yangjiang, Guangdong	Real estate development and operation planning and consulting, sale of construction materials and inner house decoration	RMB10,000,000	-	49.20%
30	Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("Yangzi Petrochemical")	Business entity	Nanjing, Jiangsu	Nanjing, Jiangsu	Project related to petrochemical industry	RMB88,000,000	-	70.31%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business Scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
31	Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Business entity	Tianjin	Tianjin	Container and cargo Distribution, freight and repairment at the Port of Tianjin	USD51,956,000	-	75.00%
32	Xiamen Hongxin Berg Leasing Co. Ltd. ("Hongxin Berg")	Business entity	Xiamen, Fujian	Xiamen, Fujian	Financial leasing and leasing business	USD21,300,000	-	51.00%
33	Tianjin Zhenhua Haijing Logistics Co. Ltd. ("Zhenhua Haijing")	Business entity	Tianjin	Tianjin	Construction and operation of warehousing facilities, container depot	RMB145,000,000	-	45.00%
34	Tianjin Zhenhua International Logistics Co. Ltd. ("Zhenhua IL")	Business entity	Tianjin	Tianjin	Non-vessel carrier, freight agent	RMB133,970,000	-	75.00%
35	Tianjin Zhenhua Customs Broker Co. Ltd. ("Tianjin CB")	Business entity	Tianjin	Tianjin	Customs clearance and related consulting services	RMB12,516,400	-	75.00%
36	Zhenhua International Shipping Agency (Qingdao) Co., Ltd. ("Qingdao Shipping Agency")	Business entity	Qingdao Shandong	Qingdao Shandong	International shipping agency business	RMB10,000,000	-	75.00%
37	Tianjin Zhenhua International Shipping Agency Co. Ltd. ("Tianjin Shipping Agency")	Business entity	Tianjin	Tianjin	International shipping agency business	RMB10,000,000	-	75.00%
38	Shanghai Zhenhua International Shipping Agencies Ltd ("Shanghai Shipping Agencies")	Business entity	Shanghai	Shanghai	International shipping agency business	RMB10,000,000	-	75.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business Scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
39	Zhenhua Dongjiang(Tianjin) Co.,Ltd. ("Zhenhua Dongjiang (Tianjin)")	Business entity	Tianjin	Tianjin	Common and special freight transport	RMB50,000,000	-	75.00%
40	Tianjin Zhenhua International Trade Bonded Warehousing ("Tianjin Zhenhua Trade Bonded")	Business entity	Tianjin	Tianjin	Cargo transport agency services	RMB5,628,800	-	75.00%
41	Brigantine Services (Shenzhen) Co., Ltd. ("Shenzhen Brigantine")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Provides a container and ship repair services and related technical	HKD7,500,000	-	70.00%
42	Brigantine Services (Shanghai) Co., Ltd. ("Shanghai Brigantine")	Business entity	Shanghai	Shanghai	Container ship and its parts, mechanical repair, maintenance services	USD513,000	-	70.00%
43	Tianjin port free trade zone Kaichang oil marketing Co. Ltd ("Kaichang oil marketing (Tianjin) ")	Business entity	Tianjin	Tianjin	Sales of petroleum products, warehouse sales	RMB30,000,000	-	45.00%
44	C&C Trucks marketing service Co., Ltd ("C&C Marketing Service")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery, automobile chassis engine and relevant components and parts	RMB500,000,000	-	70.06%
45	Jiajing Technology Co., Ltd ("Jiajing Technology")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Industrial design and new technology development mainly about automobile and its accessories	RMB10,000,000	-	70.06%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business Scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
46	Wuhu Xingfu Real Estate Co., Ltd ("Wuhu Xingfu Real Estate")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery	RMB25,000,000	-	45.69%
47	Ruiji Logistics (Wuhu) Co., Ltd ("WHRJL")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery	RMB20,492,100	-	83.12%
48	C&C Trucks Co., Ltd ("C&C Trucks")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Sale and agency of various kinds of heavy truck special-use vehicles, engineering machinery	RMB1,570,000,000	70.06%	-
49	Anhui FeiCai (Group) co., LTD ("Anhui FeiCai (Group)")	Business entity	Xuancheng, Anhui	Xuancheng, Anhui	Manufacture and sale of agricultural vehicles agricultural machinery and relevant accessories	RMB158,000,000	-	70.06%
50	Liaoning CIMC Hashenleng Gas liquefaction equipment Co., Ltd ("Liaoning Hashenleng")	Business entity	Liaoning	Liaoning	Natural gas liquefaction equipment, CBM liquefaction equipment; design, production and sales of relevant auxiliary equipment	RMB50,000,000	-	42.19%
51	Sino-Worlink (Beijing) Investment Co., Ltd ("Sino-Worlink (Beijing) Investment")	Business entity	Beijing	Beijing	Investment management; asset management; Investment advisory; corporate management	RMB35,000,000	-	50.00%
52	Sino-Worlink (Beijing) International Logistics Co., Ltd ("Sino-Worlink Beijing Logistics")	Business entity	Beijing	Beijing	International Freight transport agents, general cargo transport	RMB30,000,000	-	50.00%
53	Qingdao Lida Chemical Co., Ltd. ("Qingdao Lida Chemical")	Business entity	Shandong	Shandong	Manufacture and sale of sealant products. Production and sales; of rubber parts, plastic parts and waterborne coatings	RMB30,000,000	-	59.47%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(i) Domestic subsidiaries (Continued)

Name	Category	Registration Place	Main Premises	Business Scope	Share capital issued and information of bonds	Shareholding percentage	
						Direct	Indirect
54 Zhengzhou Logistics Automatic System Co., Ltd. ("Zhengzhou Logistics")	Business entity	Zhengzhou, Henan	Zhengzhou, Henan	R&D and manufacture of sorter	RMB20,000,000	-	54.70%
55 Qingdao Lida New Rubber & Plastic Products Co., Ltd. ("Qingdao Lida New Rubber & Plastic Products")	Business entity	Shandong	Shandong	Manufacture and sale of rubber parts, plastic parts, metal structures, R&D of container parts	RMB1,000,000	-	59.47%
56 Sinopacific Offshore & Engineering Co., LTD. ("SOE")	Business entity	Nantong	Nantong	Transportation and storage of liquefied gas in offshore oil and gas industry, manufacturing of high-end equipment such as offshore cranes, marine modules, and cargo systems	RMB1,023,966,800	-	70.31%
57 Beijing CIMC Tiansheng Technology Co., LTD ("Beijing CIMC Tiansheng Technology")	Business entity	Beijing	Beijing	Integrated building	RMB20,000,000	-	50.00%
58 Shanghai CIMC Zhicheng Enterprise Development Co., Ltd. ("Shanghai Zhicheng")	Business entity	Shanghai	Shanghai	Enterprise Management Consultation; Real Estate Development; Property Management; Business Information Consultation; Marketing Planning; Exhibition and Display Service; Building Materials Sales, etc.	RMB100,000,000	-	61.50%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(ii) Overseas subsidiaries

Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
						Direct	Indirect
59 CIMC Rolling Stock Australia Pty Ltd. ("CIMC Rolling Stock Australia")	Business entity	Australia	Australia	Sales of vehicles	AUD50,000	-	74.33%
60 Enric Energy Equipment Holdings Limited ("Enric")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD120,000,000	-	70.31%
61 Burg Industries B.V. ("Burg Industries")	Business entity	Holland	Holland	Investment holding	EUR841,267	-	100.00%
62 CIMC ENRIC Tank and Process B.V.	Business entity	Holland	Holland	Investment holding	EUR14,040,000	-	70.31%
63 Ziemann Holvrieka B.V. ("Holvrieka B.V.")	Business entity	Holland	Holland	Sales of tank equipment	EUR136,200	-	70.31%
64 Ziemann Holvrieka International B.V. ("Ziemann Holvrieka International B.V.")	Business entity	Holland	Holland	Production, assembly and sale of tank equipment	EUR682,500	-	70.31%
65 Pteris Global Sdn. Bhd ("Pteris Global Sdn. Bhd")	Business entity	Malaysia	Malaysia	Sale service	MYR8,000,000	-	78.14%
66 Noordkoel B.V.	Business entity	Holland	Holland	Sales of tank equipment	EUR500,000	-	70.31%
67 Beheermaatschappij Burg B.V.	Business entity	Holland	Holland	Investment holding	EUR123,155.95	-	100.00%
68 Burg Carrosserie B.V.	Business entity	Holland	Holland	Production of road transport vehicle	EUR18,151.21	-	63.33%
69 Exploitatiemaatschappij Intraprogres B.V.	Business entity	Holland	Holland	Trade, financing and leasing of road transport vehicle	EUR15,925	-	63.33%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(ii) Overseas subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
70	Hobur Twente B.V.	Business entity	Holland	Holland	Production and sale of oil and components and parts	EUR45,378.02	–	100.00%
71	Burg Service B.V.	Business entity	Holland	Holland	Assembly and repair of road transport vehicle and tank equipment	EUR150,000	–	70.31%
72	LAG Trailers N.V.	Business entity	Belgium	Belgium	Manufacturing trailer	EUR3,245,000	–	63.33%
73	Ziemann Holvrieka N.V.	Business entity	Belgium	Belgium	Production tank equipment	EUR991,600	–	70.31%
74	Immoburg N.V. Bree	Business entity	Belgium	Belgium	Production of road transport vehicles	EUR248,000	–	63.33%
75	Ziemann Holvrieka A/S	Business entity	Denmark	Denmark	Production tank equipment	DKK1,000,000	–	70.31%
76	Direct Chassis LLC ("DCEC")	Business entity	USA	USA	Manufacturing and sales of special vehicles	USD10,000,000	–	63.33%
77	CIMC TGE Gas Investments SA ("TGE SA")	Business entity	Luxemburg	Luxemburg	Investment holding	EUR50,000	–	60.00%
78	TGE Gas Engineering GmbH ("TGE Gas Engineering GmbH")	Business entity	Germany	Germany	Provide EP+CS (Design, Purchase and Construction Supervision) or other technical project services in LNG,LPG and storage and disposal of other	EUR1,000,000	–	60.00%
79	CIMC Raffles Offshore (Singapore) Limited ("Offshore (Singapore)")	Business entity	Singapore	Singapore	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi-submersible drilling Platforms, FPSOs, FSOS	SGD594,416,915 and USD303,122,013	–	85.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(ii) Overseas subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
80	CIMC Raffles Investments Limited	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2	–	85.00%
81	CIMC Raffles Leasing Pte. Ltd.	Business entity	Singapore	Singapore	Leasing of marine ship	SGD2	–	85.00%
82	Caspian Driller Pte. Ltd.	Business entity	Singapore	Singapore	Leasing of marine ship	USD30,000,000	–	85.00%
83	Technodyne International Limited ("Technodyne")	Business entity	United Kingdom	United Kingdom	Research and development of energy equipment	GBP100	–	60.00%
84	Gadidae AB.	Business entity	Sweden	Sweden	Investment holding	SEK1,000,000	–	85.00%
85	Perfect Victor Investments Limited ("Perfect Victor")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	USD1	–	100.00%
86	Ziemann Holvrieka GmbH ("Ziemann Holvrieka GmbH")	Business entity	Germany	Germany	Design, production and sales of beer fermentation machine	EUR16,000,000	–	70.31%
87	Albert Ziegler GmbH ("Ziegler")	Business entity	Germany	Germany	Designation of Marine engineering	EUR13,543,000	–	60.00%
88	Bassoe Technology AB ("Bassoe")	Business entity	Sweden	Sweden	Designation of Marine engineering	SEK1,000,000	–	100.00%
89	CIMC MBS LIMITED ("Verbus Systems")	Business entity	United Kingdom	United Kingdom	Module supply	GBP3,884,303	–	100.00%
90	Zhenhua logistics (Hongkong) Co., Ltd. ("Zhenhua Hongkong")	Business entity	Hong Kong, China	Hong Kong, China	Logistics	USD6,600,000	–	75.00%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

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

(ii) Overseas subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage	
							Direct	Indirect
91	CIMC Australia Road Transport Equipment Pty Ltd ("Australia Road Transport Equipment Pty")	Business entity	Australia	Australia	Investment holding	AUD8,300,000	-	63.33%
92	Brigantine International Holdings Limited ("Brigantine International Holdings")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD10,000,000	-	70.00%
93	Brigantine Services Limited ("Hongkong Brigantine Services")	Business entity	Hong Kong, China	Hong Kong, China	Container repair and renovation, container trade	HKD5,000,000	-	70.00%
94	Pteris Global Ltd	Business entity	Singapore	Singapore	Investment holding	SGD104,781,000	-	78.14%
95	Verbus International Limited ("VIL")	Business entity	United Kingdom	United Kingdom	Investment holding	GBP1,108	-	100.00%
96	CIMC Developments Limited ("CDL")	Business entity	United Kingdom	United Kingdom	Project total package	GBP1	-	100.00%
97	Verbus Systems Ltd ("VSL")	Business entity	United Kingdom	United Kingdom	Module supply	GBP1	-	100.00%
98	Briggs Group Limited	Business entity	United Kingdom	United Kingdom	Beer, distillation, pharmaceutical, yeast, biofuels and other industries engineering design and some key equipment	GBP3,385,000	-	70.31%
99	Retlan Manufacturing Limited	Business entity	United Kingdom	United Kingdom	Production semi-trailer	GBP692,041	-	63.33%

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VI. EQUITY IN OTHER ENTITIES (CONTINUED)

1. Equity in subsidiaries (Continued)

(4) Significant partial disposal of subsidiary equity in current year (not losing control)

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

(5) Significant transactions with minority shareholder in current year

There are no significant transactions with minority shareholder in current year.

2. Equity in associates and joint ventures

Basic information of major associates and joint ventures

	Main Premises	Registration Place	Nature of business	Strategic for the group or not	Shareholding percentage – Direct
Joint ventures –					
NKY Zhenhua	Tianjin	Tianjin	Logistics support business	No	38.25%
Y&C Engine	Wuhu Anhui	Wuhu Anhui	Manufacture and sales of heavy-duty engines and components and parts	Yes	35.03%
Associates –					
LiHua Energy	Bazhou, Hebei	Bazhou, Hebei	Gas warehousing and transportation business	No	15.58%
Shanghai Fengyang	Shanghai	Shanghai	Real estate	Yes	40.00%
TSC	Houston (USA)	Cayman Islands	Land and sea drilling platform business	Yes	13.12%
Jiahua Shipping	Hong Kong	Hong Kong	Logistics support business	No	30.00%
China fire safety	Chengdu	Cayman Islands	Fire equipment	Yes	30.00%
Shouzhong Investment	Beijing	Beijing	Investment management	No	45.00%

The equity mentioned above is measured by equity method.

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

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

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. The company does not have any holding parent company.
2. For the information on the subsidiaries of the company, refer to Note VI.1.
3. For the information about the joint ventures and associates of the Company, refer to Note VI.2.

In addition to the important the joint ventures and associates have been disclosed in to Note VI, the rest of joint ventures and associates that have related transactions with the Group are as follows:

	Main place of business	Registered address	The nature of the business	The group activity is strategic	Shareholding percentage – direct	Shareholding percentage – indirect
Joint ventures –						
Dalian Jilong & Baijian Logistics Co., Ltd.	Dalian	Dalian	Logistics service	No	–	50.00%
Shanghai Baijian Dewei Container Maintenance Co., Ltd.	Shanghai	Shanghai	Logistics service	No	–	35.00%
Tianjin Jinshi Baijian Container Maintenance Co., Ltd.	Tianjin	Tianjin	Logistics service	No	–	35.00%
Y&C Engine Co., Ltd	Wuhu, Anhui	Wuhu, Anhui	Heavy truck	No	–	35.03%
Associates –						
Jiangsu Baojing Auto Parts Co., Ltd.	Zhenjiang	Zhenjiang	Vehicle	No	–	30.40%
Xiamen CIMC Ocean Investment	Xiamen	Xiamen	Logistics service	No	–	45.00%
Shenzhen Xinghuo	Shenzhen	Shenzhen	Vehicle	No	–	22.16%
Zhejiang Xinlong	Zhejiang	Zhejiang	Wood	No	–	30.00%
Embellish Yu Real Estate	Zhenjiang	Zhenjiang	Real Estate	No	–	12.30%

4. Information of Other Related Parties

Company name	Nature of relationship
Florens Container Corporation S.A.	Subsidiary of significant shareholder
Florens Container Services Ltd.	Subsidiary of significant shareholder
SUMITOMO CORPORATION	Minority shareholder of subsidiary
Oriental International Container (Guangzhou) Limited	Subsidiary of significant shareholder
Shaanxi Heavy Duty Automobile	Minority shareholder of subsidiary
Zhongce Rubber Group	Minority shareholder of subsidiary
Gasfin Investment S.A.	Minority shareholder of subsidiary

Note: Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

Notes to the Financial Statements

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions

The following transactions with related parties were conducted under general normal commercial terms or relevant agreements, and follow the approval process for general non-related party transactions.

(1) Purchase of goods and receiving of services

The Group

Name	Nature of the transaction	For the Period from 1 January to 30 June 2018 Amount	For the Period from 1 January to 30 June 2017 Amount
Y&C Engine Co., Ltd.	Purchase of goods	263,028	309,000
TSC	Purchase of goods	55,580	–
Shaanxi Heavy Duty Automobile Co., Ltd.	Purchase of goods	31,051	49,559
Jiangsu Baojing Auto Parts Co., Ltd.	Purchase of goods	19,589	–
Fujian Qingchen Bamboo Industry Co., Ltd.	Purchase of goods	7,306	8,259
Zhongce Rubber Group Co., Ltd.	Purchase of goods	6,831	–
Other related parties	Purchase of goods	1,220	4,007
Sub-total	Purchase of goods	384,605	370,825
Other related parties	Receiving of services	4,065	15,681

The Company

For emoluments of the directors, supervisors and senior management of the Company, please refer to Note VIII.5 (4).

Notes to the Financial Statements

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(2) Sales of goods and rendering of services

The Group

Related Parties	Nature of the transaction	January- June 2018 Amount	January- June 2017 Amount
Florens Container Services Ltd.	Sales of goods	830,168	12,624
Shaanxi Heavy Duty Automobile Co., Ltd.	Sales of goods	576,742	93,174
Florens Container Corporation S.A.	Sales of goods	445,226	25,676
Dong Fang International Container (LianYunGang) Co., Ltd.	Sales of goods	40,681	4,965
Dong Fang International Container (Guangzhou) Co., Ltd.	Sales of goods	30,299	–
Dong Fang International Container (Jinzhou) Co., Ltd.	Sales of goods	19,991	–
SUMITOMO CORPORATION	Sales of goods	9,929	30,061
LiHua Gas Storage and Transportation Co., Ltd.	Sales of goods	1,191	3,587
Other related parties	Sales of goods	1,172	97,823
Sub-total	Sales of goods	1,955,399	267,910
Other related parties	Rendering of services	47,881	20,078

(3) Financing

The Group

Related Parties	Amount	Starting date	Ending date	Interest income earned/interest expense recognised from January to June 2018	Note
Financing received					
Gasfin Investment S.A.	23,031	19 September 2008	Repayment date not fixed	412	Loans for proportionate shareholder operation
Qingdao Country Garden Bolin Real Estate Co., Ltd.	51,491	25 June 2018	Repayment date not fixed	–	Loans for proportionate shareholder operation
Heshan Gonghe Country Garden Property Development Co., Ltd.	30,980	30 May 2018	Repayment date not fixed	–	Loans for proportionate shareholder operation
	105,502				
Financing provided					
Country Garden Real Estate Group Co., Ltd	647,857	22 June 2018	Repayment date not fixed	–	Loans for shareholder operation
Run Yu Real Estate	351,930	31 December 2012	Repayment date not fixed	3,457	Loans for proportionate shareholder operation
Shanghai Fengyang	34,204	25 December 2007	Repayment date not fixed	–	Loans for proportionate shareholder operation
Xinyang Wood Industry	14,407	20 June 2006	Repayment date not fixed	–	Loans for proportionate shareholder operation
Other related parties	17,262				
	1,065,660				

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions

- (i) The Company adopted a share options scheme since 28 September 2010 (see Note IX). Details of unexercised share options granted to key management personnel as at 30 June 2018 are as follows:

Name	Position	Number of unexercised share options (in'0000)
Mai Boliang	CEO and President, Executive Director	285
Gao Xiang	Executive Vice President	37.5
Wu Fapei	Vice President	75
Li Yinhui	Vice President	75
Yu Yuqun	Vice President, Secretary of the Board and Company Secretary	75
Zeng Han	General Manager of Finance Department	28.9
Total		576.4

Some key management personnel were not only granted the above share options of the Company but also were granted share options of Enric, the subsidiary of the Company. Details of unexercised share options granted to key management personnel of Enric as at 30 June 2018 are as follows:

Name	Position	Number of unexercised share options (in'0000)
Gao Xiang	Executive Vice President	190
Wu Fapei	Vice President	50
Yu Yuqun	Vice President, Secretary of the Board and Company Secretary	129.8
Zeng Han	General Manager of Finance Department	25
Total		394.8

Note: As at 27 March 2018, Mr. Liu Xuebin, Mr. Yu Ya, and Mr. Zhang Baoqing, the key management of the Company, left the office. Up to 30 June 2018, Mr. Liu Xuebin held 997 thousand of unexercised A Share options of the Company, Mr. Yu Ya held 650 thousand of unexercised A Share options of the Company, Mr. Zhang Baoqing held 750 thousand of unexercised A share options of the Company, and Mr. Yu Ya held 250 thousand of unexercised options of CIMC Enric.

For detailed information for fair value of the granted share options aforesaid at the grant date, please refer to Note IX.

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

(ii) Emoluments of the directors, supervisor and senior management

Directors', supervisor's and senior management personnel's emoluments for the period from 1 January to 30 June 2018 are as follows:

Name	Emoluments for other management service of the Company or subsidiaries					Total
	Remuneration for directors	Salary and allowance	Pension	Bonus	Others	
Directors						
Wang Hong	-	-	-	-	-	-
Wang Yuhang	-	-	-	-	-	-
Mai Boliang	-	1,428,000	36,451	-	225,840	1,690,291
Wang Zhixian	-	-	-	-	-	-
Hu Xianfu	-	-	-	-	-	-
Liu Chong	-	-	-	-	-	-
Pan Chengwei	106,667	-	-	-	-	106,667
Wang Guixun	106,667	-	-	-	-	106,667
Pan Zhengqi	106,667	-	-	-	-	106,667
Total	320,001	1,428,000	36,451	-	225,840	2,010,292
Supervisors						
Xiong Bo	-	178,640	21,435	54,000	6,816	260,891
Zhang Mingwen	-	-	-	-	-	-
Lv Shengzhou	-	-	-	-	-	-
Wang Hongyuan	-	-	-	-	-	-
Total	-	178,640	21,435	54,000	6,816	260,891
Other Senior Executives						
Gao Xiang	-	749,200	59,650	-	14,922	823,772
Wu Fapei	-	662,200	58,161	-	17,952	738,313
Li Yinhui	-	430,781	56,815	-	17,952	505,548
Yu Yuqun	Note (i)	696,000	36,451	-	17,952	750,403
Huang Tianhua	Note (i)	270,700	26,306	-	8,976	305,982
Zeng Han	-	482,400	44,838	-	17,952	545,190
Li Guiping	Note (i)	360,400	14,171	-	6,732	381,303
Liu Xuebin	Note (ii)	345,000	28,859	-	8,976	382,835
Zhang Baoqing	Note (iii)	331,500	-	-	-	331,500
Yu Ya	Note (iii)	375,000	-	-	-	375,000
Yang Rong	-	190,500	19,176	-	5,984	215,660
Sub-total	-	4,893,681	344,428	-	117,398	5,355,507
Total	320,001	6,500,321	402,314	54,000	350,054	7,626,690

Note (i): As at 27 March 2018, after deliberation at the sixth meeting of the eighth session of the Board of Directors of the Company in 2018, Mr. Yu Yuqun, Mr. Li Guiping, Mr. Huang Tianhua were appointed as vice presidents.

Note (ii): As at 27 March 2018, after deliberation at the sixth meeting of the eighth session of the Board of Directors of the Company in 2018, Mr. Liu Xuebin, the vice president of the company, resigned due to the personal health.

Note (iii): As at 27 March 2018, after deliberation at the sixth meeting of the eighth session of the Board of Directors of the Company in 2018, Mr. Yu Ya and Mr. Zhang Baoqing resigned due to the expiration of their term of office.

The five individuals who received the highest remuneration from the Group for the period from 1 January to 30 June 2018 have been listed in the table above.

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

(ii) Emoluments of the directors, supervisor and senior management (Continued)

Directors', supervisor's and senior key management personnel's emoluments for the period from 1 January to 30 June 2017 are as follows:

Name	Emoluments for other management service of the Company or subsidiaries							Total
	Remuneration for directors	Salary and allowance	Pension	Bonus	Entry Bonus	Housing allowance	Others	
Directors								
Wang Hong	-	-	-	-	-	-	-	-
Wang Yuhang	-	-	-	-	-	-	-	-
Mai Boliang	-	1,350	42	-	-	-	223	1,615
Wang Zhixian	-	-	-	-	-	-	-	-
Liu Chong	-	-	-	-	-	-	-	-
Pan Chengwei	100	-	-	-	-	-	-	100
Wang Guixun	100	-	-	-	-	-	-	100
Pan Zhengqi	100	-	-	-	-	-	-	100
Sub-total	300	1,350	42	-	-	-	223	1,915
Supervisors								
Xiong Bo	-	86	21	-	-	-	6	113
Lin Liuwu	Note (i)	-	-	-	-	-	-	-
Zhang Mingwen	-	-	-	-	-	-	-	-
Lv Shengzhou	Note (i)	-	-	-	-	-	-	-
Sub-total	-	86	21	-	-	-	6	113
Other Senior Executives								
Wu Fapei	-	661	55	-	-	-	16	732
Li Yinhui	-	401	54	-	-	-	16	471
Liu Xuebin	-	688	55	-	-	-	16	759
Zhang Baoqing	-	661	-	-	-	-	-	661
Yu Ya	-	375	-	-	-	-	-	375
Gao Xiang	-	718	45	-	-	-	11	774
Jin Jianlong	-	330	-	-	-	-	-	330
Zeng Han	Note (ii)	170	22	-	-	-	8	200
Yang Rong	Note (ii)	568	48	-	-	-	16	632
Yu Yuqun	-	660	42	-	-	-	16	718
Sub-total	-	5,232	321	-	-	-	99	5,652
Total	300	6,668	384	-	-	-	328	7,680

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

(ii) Emoluments of the directors, supervisor and senior management (Continued)

Note (i): On 20 December 2016, approved by the Company's 1st Extraordinary General Meeting in 2016, Mr. Lin Wuliu resigned due to job change and appointed Mr. Lv Shengzhou as supervisor representing the shareholders of the 8th Supervisory Committee of the Company.

Note (ii): After deliberation at the first meeting of the eighth session of the Board of Directors of the Company in 2017, Mr. Jin Jianlong resigned due to the expiration of his term of office and also appointed Mr. Zeng Han as general manager of the company's financial management department.

The five individuals who received the highest remuneration from the Group for the period from 1 January to 30 June 2017 have been listed in the table above.

Other benefits mainly consist of housing funds, pensions, medical insurance, etc.

(iii) Termination benefits for directors

For the period from 1 January to 30 June 2018, there was no compensation for directors with early terminated appointment from the Company and the subsidiaries. (For the period from 1 January to 30 June 2017: Nil).

(iv) Consideration paid to third parties for service of directors

For the period from 1 January to 30 June 2018, there was no consideration paid to third parties for service of directors (For the period from 1 January to 30 June 2017: Nil).

(v) Loans, quasi-loans offered and other transactions with directors, legal entities controlled by directors and their related persons

As at 30 June 2018, there were no loans, quasi-loans and guarantees offered to directors, legal entities controlled by directors and their related persons (31 December 2017: Nil).

(vi) Significant interest of directors in transactions, arrangement and contracts

During the year, the Company did not enter into any agreement that related to the business of the Group, in which the directors have significant interest in transactions, arrangement and contracts directly or indirectly (For the period from 1 January to 30 June 2017: Nil).

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables due from and payables due to related parties

(1) Receivables due from related parties

(a) Account receivables

Company name	Relationship with the Group	30 June 2018			31 December 2017		
		Amount	Ratio (%)	Provision for doubtful debts	Amount	Ratio (%)	Provision for doubtful debts
LiHua gas storage and transportation Co., Ltd.	Associate	61,385	0.32%	-	-	-	-
Ningxia Changming Natural Gas Development Co., Ltd	Associate	33,368	0.17%	-	60,750	0.35%	-
Oriental International Container (Lianyungang) Limited	Subsidiary of significant shareholder	30,585	0.16%	-	24,129	0.14%	-
Shaanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of subsidiary	7,911	0.04%	-	72,974	0.43%	-
Florens Container Services Ltd.	Subsidiary of significant shareholder	6,130	0.03%	-	99,973	0.58%	-
Oriental International Container (Jinzhou) Limited	Subsidiary of significant shareholder	4,812	0.03%	-	-	-	-
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd.	Joint Venture	2,144	0.01%	-	3,018	0.02%	-
SUMITOMO CORPORATION	Minority shareholder of subsidiary	1,926	0.01%	-	1,572	0.01%	-
Florens Container Investment (SPV) Limited	Subsidiary of significant shareholder	1,612	0.01%	-	130,145	0.76%	-
Zhongce Rubber Group Co., Ltd.	Minority shareholder of subsidiary	1,058	0.01%	-	-	-	-
NYK Zhenhua Logistics (Tianjin) Co., Ltd.	Joint Venture	979	0.01%	-	2,914	0.02%	-
Florens Container Corporation S.A.	Subsidiary of significant shareholder	558	0.01%	-	40,100	0.23%	-
Other related parties		957	0.01%	-	109,191	0.62%	-
Total		153,425	0.82%		541,748	3.16%	

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables due from and payables due to related parties (Continued)

(1) Receivables due from related parties (Continued)

(b) Other receivables

Company name	Relationship with the Group	30 June 2018				31 December 2017			
		Amount	Nature	% of total balance	Provision for doubtful debts	Amount	Nature	% of total balance	Provision for doubtful debts
Country Garden Real Estate Group Co., Ltd	Minority shareholder of subsidiary	647,857	Funding	7.03%	-	-	-	-	-
Run Yu Real Estate	Associate	351,930	Funding	3.82%	-	331,250	Funding	3.82%	-
China Merchants property holdings Co. Ltd	Subsidiary of significant shareholder	70,650	Transfer of equity	0.77%	-	70,650	Transfer of equity	0.82%	-
Shanghai Fengyang	Associate	34,204	Funding	0.37%	-	34,204	Funding	0.40%	-
Xinyang Wood Hong Kong Co., Ltd. ("Xinyang Hong Kong")	Associate	14,407	Funding	0.16%	-	13,813	Funding	0.16%	-
Nantong New Atlantic	Associate	-	-	0.00%	-	13,813	Funding	-	-
Others		18,706		0.19%	-	19,328		0.22%	-
Total		1,137,754		12.34%	-	469,245		5.42%	-

(c) Advance to suppliers

Company name	Relationship with the Group	30 June 2018			31 December 2017		
		Amount	% of total balance	Provision for doubtful debts	Amount	% of total balance	Provision for doubtful debts
Jiangsu Baojing Auto Parts Co., Ltd.	Associate	12,341	0.36%	-	8,000	0.33%	-
Shaanxi Heavy Duty Automobile	Minority shareholder of subsidiary	318	0.01%	-	3,922	0.16%	-
TSC Group Holdings Limited	Associate	-	-	-	41	0.00%	-
Total		12,659	0.37%	-	11,963	0.49%	-

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables due from and payables due to related parties (Continued)

(1) Receivables due from related parties (Continued)

(d) Current portion of non-current assets

Company Name	Relationship with the Group	30 June 2018	31 December 2017
LiHua gas storage and transportation Co., Ltd. ("LiHua Energy")	Associate	58,207	77,192
Ningxia Changming Y&C Engine Co., Ltd ("Y&C Engine")	Associate	3,358	21,045
Y&C Engine Co., Ltd ("Y&C Engine")	Joint Venture	7,531	15,488
Zhongyi Xinwei	Associate	–	11,273
New Horizon Shipping UG	Joint Venture	8,177	3,738
Total		77,273	128,736

(e) Long-term receivables

Company name	Relationship with the Group	30 June 2018	31 December 2017
New Horizon Shipping UG	Joint Venture	559,050	138,335
LiHua Energy	Associate	38,193	63,873
Y&C Engine	Joint Venture	16,326	16,326
Ningxia Changming	Associate	3,693	3,661
Zhongyi Xinwei	Associate	–	4,148
Total		617,262	226,343

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables due from and payables due to related parties (Continued)

(2) Payables due to related parties

(a) Account payables

Company name	Relationship with the Group	30 June 2018		31 December 2017	
		Amount	% of total balance	Amount	% of total balance
Shaanxi Zhongqi	Minority shareholder of subsidiary	60,113	0.46%	20,300	0.17%
Y&C Engine	Joint venture	44,925	0.34%	45,506	0.37%
Qingchen Bamboo	Associate	29,120	0.22%	17,097	0.14%
Ningguo guangshen	Associate	13,024	0.10%	16,999	0.14%
China merchants shekou	Subsidiary of significant shareholder	10,717	0.08%	–	–
Xuzhou Wood	Associate	9,623	0.07%	14,813	0.12%
TSC	Associate	1,236	0.01%	7,959	0.07%
Guangxi southern logistics	Joint venture	–	0.00%	8,884	0.07%
Ningxia changming	Associate	–	0.00%	2,931	0.02%
Asahi Trading Co., Ltd	Minority shareholder of subsidiary	–	0.00%	2,162	0.02%
Other related parties		5,817	0.04%	1,844	0.01%
Total		174,575	1.32%	138,495	1.13%

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VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

6. Receivables due from and payables due to related parties (Continued)

(2) Payables due to related parties (Continued)

(b) Other payables

Company name	Relationship with the Group	30 June 2018		31 December 2017	
		Amount	% of total balance	Amount	% of total balance
Qindao Country Garden Bolin Real Estate Co., Ltd.	Minority shareholder of subsidiary	51,491	0.76%	–	0.00%
Lihua Energy	Associate	33,605	0.49%	33,605	0.49%
Heshan Gonghe Country Garden Property Development Co., Ltd	Minority shareholder of subsidiary	30,980	0.45%	–	0.00%
Shanghai Fengyang Gasfin	Associate	26,390	0.39%	26,390	0.39%
Y&C Engine	Minority shareholder of subsidiary	23,031	0.34%	51,329	0.75%
Ningxia Changming	Joint venture	12,829	0.19%	12,729	0.19%
Inland Services B.V. (Netherlands)	Associate	11,900	0.17%	11,900	0.17%
Beijing Bowei	Minority shareholder of subsidiary	5,579	0.08%	1,757	0.03%
Xiamen CIMC Haitou Container Service Co., Ltd.	Minority shareholder of subsidiary	778	0.01%	713	0.01%
Country Garden Real Estate Group Co., Ltd ("Country Garden Real Estate")	Associate	29	0.00%	–	0.00%
Zhongyi Xinwei	Associate	–	0.00%	707,143	10.32%
Xinyang Wood Industry	Associate	–	0.00%	3,500	0.05%
OOS-International B.V.	Associate	–	0.00%	3,118	0.05%
Other related parties		–	0.00%	1,568	0.02%
Total		1	0.00%	260	0.00%
		196,613	2.88%	854,012	12.47%

7. Commitments in relation to related parties

As at 30 June 2018, there are no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group.

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IX. SHARE-BASED PAYMENTS

1. Information about share-based payments

Total equity instruments granted during the year	The total number of share options granted by the Company and Enric was 0 this year.
Total equity instruments exercised during the year	The number of exercised share options granted by the Company and Enric were 2,067,000 and 7,254,000 respectively this year.
Total equity instruments forfeited during the year	The Company has no ineffective or obsolete equity instruments and the number of ineffective/obsolete share options in Enric was 940,000 this year.
The exercise price of outstanding share options at the end of the year and residual life of the share options contracts	<ol style="list-style-type: none"> Equity-settled share options granted by Enric in 2009, 2011 and 2014: HKD4, HKD2.48 and HKD11.24 per share respectively, the residual life of contract is 1.36, 3.33 and 5.93 years respectively; Equity-settled share options granted by the Company in 2010 and 2011: RMB10.49 (after adjustment) and RMB16.02 per share respectively (after adjustment), the residual life of contracts is both 2.24 years.
The exercise price of other outstanding equity instruments at the end of the year and residual life of relevant contracts	Nil

Expenses recognised for the year arising from share-based payments are as follows:

	For the period from 1 January to 30 June 2018	For the period from 1 January to 30 June 2017
Equity-settled share-based payment	4,435	9,583

Notes to the Financial Statements

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IX. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment

(1) Information on share-based payment of Enric

Enric, a subsidiary of the Company, carried out a share options plan, which was approved by the shareholders' meeting on 11 November 2009. According to the Plan, the directors of Enric were authorised to grant share options to the key management personnel and other employees in Enric at nil consideration to subscribe for shares of Enric. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 43,750,000, with the exercise price of HKD4 per share.

Enric, a subsidiary of the Company, carried out another share options plan, which was approved by the shareholders' meeting on 28 October 2011. According to the Plan the directors of Enric were authorised to grant share options to the key management personnel and other employees of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after one year from the date of grant and, 70% exercisable after 2 years from the date of grant, and then 100% exercisable after 3 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,200,000, with exercise price of HKD2.48 per share.

Enric, a subsidiary of the Company, carried out a share options plan, which was approved by the shareholders' meeting on 5 June 2014. According to the Plan, the directors of Enric were authorised to grant share options to the key management personnel and other employees in Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after two years from the date of grant, 70% exercisable after three years from the date of grant and 100% exercisable after four years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,420,000, with the exercise price of HKD11.24 per share.

Movement of share options of Enric:

	For the period from 1 January to 30 June 2018 '000	For the period from 1 January to 30 June 2017 '000
Beginning balance	76,374	83,572
Exercised in current period	(7,254)	(5,814)
Cancelled in current period	(345)	(417)
Forfeited in current period	(595)	(967)
Ending balance	68,180	76,374

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IX. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(2) Information on equity-settled share-based payment of the Company

A share options plan was approved in the shareholders' meeting of the Company held on 28 September 2010. According to the Plan, the directors of the Company were authorised to grant share options to the key management personnel and other employees of the Company at nil consideration to subscribe for the shares of the Company. The effective period of the Scheme is ten years from the first grant date of share options. The options are exercisable in two periods. The first exercise period shall be from the first transaction date after 24 months from the grant date to the last transaction date within 48 months from the grant date, and may exercise share options that does not exceed 25% of the total number of options granted; the second exercise period is from the first transaction date after 48 months from the date of authorisation to the last transaction date of the Plan, and the share options that does not exceed 75% of the total number of options granted can be exercised. Each option gives the holder the right to subscribe for one ordinary share in the Company. In addition, the holder must simultaneously satisfy all the conditions as follows:

- (a) The holder should pass the previous year's evaluation.
- (b) The increase of net profit attributable to the shareholders of the listed company after deducting nonrecurring profit or loss should not be lower than the 6% and the weighted average return on net assets after deducting non-recurring profit or loss should not be lower than 10% for the previous year of the exercise date.
- (c) During the waiting period, the net profit attributable to the shareholders of the listed company and the net profit attributable to the shareholders of the listed company after deducting non-recurring profit or loss should not be lower than the average figures of the three fiscal years before the grant day or negative.

On 12 May 2015, According to the review and approval at the eighth meeting of the seventh session of the Board of Directors in 2015, the second exercise period of the first batch of stock options reached the conditions of exercise. The actual exercise period was from 2 June 2015 to 27 September 2020, the total number of exercisable rights was 39,660,000. On 9 October 2015, According to the review and approval at the 14th meeting of the seventh session of the Board of Directors in 2015, the second exercise period of the second batch of stock options reached the conditions of exercise. The actual exercise period was from 24 October 2015 to 27 September 2020, the total number of exercisable rights was 4,132,500.

The total number of share options granted was 60,000,000, 54,000,000 among which were for the initial grant with exercise price of 12.39 per share while the remaining 6,000,000 options were for reservation.

In accordance with the provisions of the aforesaid share option plan, the Board of Directors of the Company made corresponding adjustments to the 54 million shares option exercise price granted on 28 September 2010 which in accordance with the annual dividend distribution plan implemented after the award period. After the adjustment, the exercise price is RMB10.22 per share.

The shareholders meeting of the company which held on 22 September 2011 granted 6 million reserved stock options in the share option plan approved by the company's general meeting of shareholders on 28 September 2010 at an exercise price of RMB17.57 per share. The aforesaid option exercise price was adjusted to RMB15.75 based on the annual dividend payment plan implemented after the grant period.

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IX. SHARE-BASED PAYMENTS (CONTINUED)

2. Information on equity-settled share-based payment (Continued)

(2) Information on share-based payment of the Company (Continued)

Movement of share options of the Company:

	For the period from 1 January to 30 June 2018 '000	For the period from 1 January to 30 June 2017 '000
Beginning balance	20,917	25,229
Exercised in current period	(2,067)	(4,312)
Ending balance	18,850	20,917

(3) Basis of the best estimate of the number of equity instruments expected to vest is as follows:

At each balance sheet date during the vesting period, the Company makes the best estimation according to the latest information, such as changes in the number of employees who are granted to vest and revises the number of equity instruments expected to vest. On vesting date, the final estimated number of vesting equity instruments shall be equal to the number of actual vesting instruments.

There was no significant difference of estimation between current year and last year.

As at 30 June 2018, accumulated amount recognised in capital reserve for equity-settled share-based payments	387,177
Total expenses recognised for equity-settled share-based payments for current year Including:	
– attributed to the Company	–
– attributed to Enric	4,435
	4,435

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X. CONTINGENCIES

1. Contingent liabilities

CIMC Raffles, a subsidiary of the Group, signed a drilling platform construction contract with the relevant purchasers. The relevant purchasers believed that CIMC Raffles failed to deliver on schedule as required by the contract and had sent a notice of suspension of the contract to CIMC Raffles and demanded compensation of USD37,400,000 (equivalent to RMB247,518,000). As of 31 December 2016, CIMC Raffles has reclassified the advance payment of USD18,700,000 (equivalent to RMB123,750,000) to other payables. As of the date of the audit report, the matter is still in arbitration. The management expects that the risk of arbitration is relatively low and no related liabilities are accrued.

YZTH, a subsidiary of the Group provided guarantee to the mortgage loans by which some of its clients bought its mixer trucks, but some of the loan repayments have been overdue severely, the management team expected there is possibility to repay the bank loans for the clients, therefore the related estimated liabilities of RMB3,459,000 (31 December 2017: RMB3,096,000) are accrued, which is based on the amount of recovered loans and the amount of loan that is expected to be compensated.

2. Guarantees provided for external parties

CIMC Raffles, a subsidiary of the Group, provided the guarantee for the vessel leasing of its clients. As at 30 June 2018, the amount guaranteed by Raffles was about RMB238,750,000 (31 December 2017: RMB258,646,000).

The Group's subsidiaries, Shenyang Vehicle Industrial Park and Shaanxi Vehicle Industrial Park, cooperated with China Construction Bank and Shaanxi Xianyang Qindu Rural Commercial Bank, respectively, in mortgage credit cooperation and signed a property loan guarantee contract, providing phased guarantee to the loans that the customers of the two companies obtained from the relevant banks. As of 30 June 2018, the customer financing loans provided by the Shenyang Vehicle Industrial Park and Shaanxi Vehicle Industrial Park approximately RMB11,850,000 (31 December 2017: RMB11,850,000).

CIMC Vehicle Group, a subsidiary of the Group, carried out vehicle buyer credit business and signed vehicle loan guarantee contract with China Merchants Bank, Huishang Bank, Bank of Communications, Industrial Bank, etc, providing credit guarantee to the relevant banks financing of the distributors and customers of CIMC Vehicle Group and its holding subsidiaries arising from purchase of vehicle products. As at 30 June 2018, 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 RMB1,153,798,000 (31 December 2017: RMB808,421,000).

The Group's subsidiary, Shenzhen CIMC production City Development Group Co., Ltd. and its holding subsidiaries, provided guarantees to purchasers of commodity homes by the way of secured loans with external banks. The amount of guarantees provided by the Group was RMB694,951,000 as at 30 June 2018 (31 December 2017: RMB627,323,000).

The Group's subsidiary, C&C Trucks and its holding subsidiaries, carried out vehicle buyer credit business and signed vehicle loan guarantee contract with external banks, providing credit guarantee to the relevant banks financing of the distributors and customers of C&C Trucks and its holding subsidiaries arising from purchase of vehicle products. As at 30 June 2018, 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 RMB550,791,000 (31 December 2017: RMB339,442,000).

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X. CONTINGENCIES (CONTINUED)

3. Notes payable issued but not accounted for, outstanding letter of credit issued but undue and outstanding performance guarantees

The Group does not recognize bills payable or letter of credit issued as deposits. Corresponding inventories, advance to suppliers and notes payable are recognised at the earlier of the date of delivery of goods and the maturity date of the bills issued. As at 30 June 2018, the Group had no bills issued but not accounted and outstanding letters of credit RMB123,643,000 (31 December 2017: RMB278,433,000).

As at 30 June 2018, the Company had outstanding balance of guarantees for its subsidiaries RMB968,309,000 (31 December 2017: RMB976,022,000).

As at 30 June 2018, the amount of the unexpired letter of guarantee of the Group's subsidiary issued by the bank was RMB137,598,000, of which the balance of the performance guarantee was RMB50,560,000, the balance of the payment guarantee was RMB9,000,000, and the balance of the quality guarantee was RMB12,442,000, the balance of customs guarantees was RMB7,000,000, the balance of advance payment guarantees was RMB40,078,000, the balance of bid bonds was RMB900,000, the balance of general customs guarantees was RMB60,000, the balance of total guarantee letter of guarantee is RMB1,300,000, the balance of security deposit was 2,523,000, the balance of the owner's payment of the guarantee is 13,735,000 (31 December 2017: RMB90,121,000).

As at 30 June 2018, the balance of outstanding guarantees of the Group's subsidiary Tianda Airport was issued by the bank was RMB727,608,000, of which the balance of performance guarantee was RMB264,528,000, and the balance of advance guarantee was RMB269,965,000. The balance of non-financing guarantees was RMB1,024,000, the balance of tax guarantees was RMB16,515,000, the balance of bid bonds was RMB18,872,000, the balance of reserve funds/retention bonds was RMB2,951,000, the balance of quality guarantees was RMB33,159,000, the balance of stand by letter of credit is 120,594,000 (31 December 2017: RMB857,578,000).

As at 30 June 2018, the Group's subsidiary Enric and its subsidiaries had outstanding balance of guarantees issued by relevant banks was RMB1,543,740,000, of which the balance of the performance and quality guarantee was RMB329,458,000, the balance of advance payment guarantee was RMB427,483,000, the balance of Progress Guarantee was RMB115,100,000, the balance of parent company's guarantee was RMB36,500,000, the balance of payment guarantee was RMB20,000,000, the balance of tax guarantee was RMB4,976,000, the balance of project guarantee was RMB607,223,000 and the other guarantee was RMB3,000,000 (31 December 2017: RMB994,460,000).

As at 30 June 2018, the Group's subsidiary CMIC Raffles had outstanding balance of guarantees issued by relevant banks was USD70,360,000 (equivalent to RMB465,651,000), of which the balance of the performance guarantee was USD47,960,000 (equivalent to RMB317,405,000). The balance of advance payment guarantee was USD22,400,000 (equivalent to RMB148,246,000) (31 December 2017: RMB20,321,000).

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X. CONTINGENCIES (CONTINUED)

3. Notes payable issued but not accounted for, outstanding letter of credit issued but undue and outstanding performance guarantees (Continued)

As at 30 June 2018, CIMC Finance Company, the subsidiary of the Group, had outstanding balance of guarantees for the subsidiary of the Group, of which the balance was RMB40,936,000, the balance of performance guarantees was RMB1,736,000, and the balance of quality guarantees was RMB3,964,000, the balance of the payment guarantee was RMB21,500,000, and the balance of the owner's payment of the guarantee was RMB13,735,000 (31 December 2017: RMB7,559,000).

As at 30 June 2018, Pteris, the subsidiary of the Group, had outstanding balance of guarantees issued by relevant banks was RMB653,624,000, of which the balance of performance guarantees was RMB371,304,000, the balance of advance payment guarantee was RMB3,688,000, the balance of the security deposit guarantees was RMB1,881,000, the balance of reserve credit was RMB269,701,000, the other guarantee was RMB7,050,000 (31 December 2017: nil).

4. Significant pending litigations

On 23 January 2018, Shanghai No. 2 Intermediate People's Court made (2016) Shanghai 02 Mingchu No. 473 Civil Judgment, Shanghai Xin Zhou Shipping Material Co., Ltd. ("Shanghai Xin Zhou") proposed that the company, the defendants in Shanghai Nanlian Trade Co., Ltd. and Nantong Pacific Co., Ltd., shall pay joint payment obligations for the purchase price of Shanghai Xinzhou and the corresponding overdue interest. Although the company has appealed the verdict, the management of the company is expected to pay a higher risk due to the consideration of prudent principle. As of 30 June 2018, the company has accrued an estimated liability of RMB102,525,000.

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XI. COMMITMENTS

1. Significant commitments

(1) Capital commitments

	30 June 2018	31 December 2017
Significant fixed assets purchase contracts entered into under performance or preparation of performance	220,845	98,366
Investment contracts entered into but not performed or performed partially	-	10
Significant contracts entered into for Ships to be manufactured for sales or lease	57,999	44,342
Total	278,844	142,718

(2) Operating lease commitments

As at 30 June 2018, the future minimum lease payments due under the signed irrevocable operating leases contracts at the period end are summarised as follows:

	30 June 2017	31 December 2016
Within 1 year (inclusive)	89,865	54,387
Over 1 year but within 2 years (inclusive)	24,939	24,211
Over 2 years but within 3 years (inclusive)	8,018	10,288
Over 3 years	48,294	49,855
Total	171,116	138,741

Operating lease recognised as profit or loss during the period amounted to RMB48,871,000 (For the period from 1 January to 30 June 2017: RMB50,717,000).

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XII. EVENTS AFTER THE BALANCE SHEET DATE

The Company sent an application for registration to China's National Association of Financial Market Institutional Investors (NAFMII) at 21 June 2016, and received The Notice of Registration from NAFMII at 28 July 2016. Refers to The Notice of Registration, The Company registered a line of RMB15,000 million for Super & Short-term Commercial Paper. The registered line was valid for two years since The Notice of Registration was signed, during the period of validity the Company is approved to issue Super & Short-term Commercial Paper.

The Company had issued Phase III of Super & Short-term Commercial Paper in the 2018, the issuing value is RMB2,000 million, life of the paper is 125 days, interest rate is fixed, principal and interest were paid at maturity date, the value date is 11 July 2018.

XIII. SEGMENT REPORTING

In accordance with the Group's internal organisation structure, management requirement and internal reporting process, nine reportable segments are identified by the Group including: Containers, Road transportation vehicles, Energy and chemistry & food equipment, Offshore business, Airport facilities, Logistic services, Finance, Property development and Heavy trucks. Each reportable segment is an independent business segment providing different products and services. Independent management is applied to individual business segment as different technical and market strategy are adopted. The Group reviews the financial information of individual segment regularly to determine resources allocation and performance assessment.

1. Segment profits, losses, assets and liabilities

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

Segment assets include tangible assets, intangible assets, other long-term assets and accounts receivable, etc, but exclude deferred tax assets and other un-allocated headquarter assets. Segment liabilities include payables, bank loans, provision, special payables and other liabilities, while deferred tax liabilities are exclude.

Segment profit represents revenue (including external revenue and inter-segment revenue), offsetting segment expenses, depreciation and amortisation, impairment losses, interest expenses and income attributable to individual segment. Transactions conducted among segments are under normal non-related party transaction commercial terms.

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XIII. SEGMENT REPORTING (CONTINUED)

1. Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment that the Group uses in measuring segments' profit/(loss), assets and liabilities is set out as follows:

Item	Containers	Road transportation vehicles	Energy and chemistry & food equipment	Offshore business	Airport facilities	Logistic services	Finance	Property development	Heavy trucks	Others	Elimination between segments	Total
	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2018
External transaction	15,764,844	11,390,058	6,139,092	657,297	1,749,181	4,026,556	1,048,934	159,037	1,563,850	1,061,549	-	43,560,398
Inter-segment transaction	329,302	139,403	46,588	130,893	-	36,060	-	918	56,256	1,075,039	(1,814,459)	-
Cost of sales from main operations	14,276,958	9,681,145	4,981,095	768,146	1,361,623	3,683,847	604,527	90,704	1,475,869	1,759,910	(1,631,594)	37,052,230
Investment income/(loss) in joint ventures and associates	-	893	(57)	-	(921)	13,043	(10)	-	13,096	(669)	-	25,375
Impairment loss for the year	(80)	(6,558)	6,473	13,723	557	5	-	(4,367)	-	-	-	9,753
Depreciation and amortisation expenses	193,516	136,413	136,157	178,259	34,307	71,127	127,021	11,895	71,244	62,056	-	1,021,995
Interest income	100,760	41,206	11,130	22,704	1,923	15,461	153,621	27,470	7,572	819,386	(978,985)	222,248
Interest expenses	49,753	64,679	30,617	373,605	9,700	19,799	73,253	9,542	48,150	781,338	(826,330)	634,106
Segment operating profit/(loss)	312,967	802,804	390,988	(705,633)	111,465	124,322	334,886	48,502	4,761	169,634	235,115	1,829,811
Income tax expenses	99,403	176,604	92,355	(55)	25,997	40,806	28,678	10,493	(684)	32,605	7,652	513,854
Net profit/(loss)	213,564	626,200	298,633	(705,578)	85,468	83,516	306,208	38,009	5,445	137,029	227,463	1,315,957
Segment total assets	24,923,503	16,985,460	15,619,139	33,190,649	4,437,244	4,674,408	42,481,469	5,006,675	4,331,696	40,278,300	(53,660,184)	138,268,359
Segment total liabilities	16,362,266	9,767,937	10,383,698	32,024,876	2,691,628	2,526,181	34,231,111	2,259,200	4,058,267	50,619,557	(68,302,403)	96,622,318
Supplementary information:												
- Segment expenditures/(income) other than depreciation and amortisation	112,652	(803)	(21,860)	21,620	321	(5,077)	64,237	(37)	73	(93,757)	(6,537)	70,832
- Long-term equity investment of joint ventures and associates	113,595	119,806	166	31,759	546,144	529,099	439,476	140,207	229,282	301,165	-	2,450,699
- Segment expenditures arising from additions of non-current assets	526,079	298,958	216,198	115,351	72,423	72,280	3,805,860	820	29,282	206,425	(3,438,636)	1,905,040

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XIII. SEGMENT REPORTING (CONTINUED)

1. Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(loss), assets and liabilities is set out as follows: (Continued)

Item	Containers	Road transportation vehicles	Energy and chemistry & food equipment	Offshore business	Airport facilities	Logistic services	Finance	Property development	Heavy trucks	Others	Elimination between segments	Total
	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2017
External transaction	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 transaction	161,574	93,453	78,581	677,366	-	14,080	-	29,205	32,925	624,543	(1,711,727)	-
Cost of sales from main 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/(loss) in joint ventures and associates	(739)	1,185	(1,225)	-	-	(2,787)	2,592	-	6,149	(2,637)	-	2,538
Impairment loss for the year	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
Segment operating profit/(loss)	904,024	716,090	115,972	(549,219)	1,912	89,396	551,309	73,097	(43,117)	(385,962)	102,640	1,576,142
Income 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/(loss)	681,102	568,016	52,263	(550,421)	(4,173)	57,340	516,097	65,035	(42,814)	(392,546)	116,610	1,066,509
Segment 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
Segment 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
- Segment expenditures/(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 investment of joint ventures and associates	29,470	122,966	9,162	33,289	533,598	493,166	402,522	104,191	202,304	318,762	-	2,249,430
- Segment expenditures raising from additions of non-current assets	162,230	106,945	304,593	113,416	61,185	46,283	252,235	18,152	24,105	178,622	1,020,953	2,288,719

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XIII. SEGMENT REPORTING (CONTINUED)

2. Geographic information

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets, deferred tax assets and long-term receivables, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

Geographic information (according to the receiving party division)

	Revenue from external customers		Total non-current assets	
	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017	For the Period from 1 January to 30 June 2018	For the Period from 1 January to 30 June 2017
China	19,512,621	14,794,349	54,535,887	53,560,445
Asia (exclusive of China)	2,936,111	3,384,378	700,680	696,672
America	13,334,479	6,645,230	366,096	359,408
Europe	7,200,593	7,341,001	1,875,146	1,863,541
Others	576,594	1,222,194	67,331	65,098
Total	43,560,398	33,387,152	57,545,140	56,545,164

XIV. FINANCIAL RISK

The Group has exposure to a series of financial risks in the normal course of the Group's operations, which mainly include: Credit risk, Liquidity risk, Market risks (mainly Foreign exchange risk, Interest rate risk and Other price risks. This note presents information about the above risks and management policies the Group has adopted aims to reduce these risks are as follows:

The board of directors is responsible for planning and building the Group's framework of risk management, setting the risk management policies and relevant guidelines and monitoring the implementation of risk management measures. The Group's risk management policies are established to identify and analyses the risks faced by the Group, the risk management policies provide definite rules to specific risks, which covers Market risks, credit risks, Liquidity risk and etc. The Group regularly evaluates the market environment and changes of operation activities to decide whether to update the risk management policies and system. The risk management of the Group is carried out by Risk Management Committee under the policies approved by the board of directors. Risk Management Committee identifies, evaluates and avoid relevant risks through close cooperation with other business departments of the Group. The internal audit department of the Group undertakes regular reviews of risk management controls and procedures, and report the results to Audit Committee of the Group.

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XIV. FINANCIAL RISK (CONTINUED)

1. Market risks

(a) Foreign exchange risk

The main operation area of the Group is within China, the main businesses are settled in RMB. The recognised foreign currency assets and liabilities, together with future foreign currency transactions (the foreign currency assets, liabilities and transactions are mainly recorded in USD) have exposure to the foreign exchange risk. The Group keeps monitoring the scale of foreign currency transactions, foreign currency assets and liabilities to reduce the foreign exchange risk faced by the Group in maximum. As such, the Group may sign foreign exchange forward contract or currency swap contract to avoid the foreign exchange risk.

The following table presents the foreign currency financial assets and foreign currency financial liabilities converted to RMB from the members of the Group whose functional currency is RMB as at 30 June 2018 and 31 December 2017:

	USD	30 June 2018 Other foreign currency items	Total
Foreign currency financial assets			
Cash at bank and on hand	1,373,436	1,242,375	2,615,811
Receivables	9,393,908	698,424	10,092,332
	10,767,344	1,940,799	12,708,143
Foreign currency financial liabilities			
Short-term borrowings	(5,008,267)	(291,712)	(5,299,979)
Payables	(612,799)	(275,474)	(888,273)
	(5,621,066)	(567,186)	(6,188,252)
		31 December 2017	
	USD	Other foreign currency items	Total
Foreign currency financial assets			
Cash at bank and on hand	198,895	1,451,344	1,650,239
Receivables	8,252,516	317,585	8,570,101
	8,451,411	1,768,929	10,220,340
Foreign currency financial liabilities			
Short-term borrowings	(4,751,668)	(220,620)	(4,972,288)
Payables	(1,132,382)	(172,118)	(1,304,500)
Long-term borrowings	(7,743,325)	–	(7,743,325)
	(13,627,375)	(392,738)	(14,020,113)

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XIV. FINANCIAL RISK (CONTINUED)

1. Market risks (Continued)

(a) Foreign exchange risk (Continued)

For the USD financial assets and USD financial liabilities, assuming all other risk variables remained constant, 4% strengthening or weakening of the RMB against the USD at 31 June 2018 would have decreased (increased) net profit by the amount of RMB154,388,000 (amount of RMB155,279,000 at 31 December 2017).

The following table presents the foreign currency financial assets and foreign currency financial liabilities converted to RMB whose functional currency is USD as at 30 June 2018 and 31 December 2017:

	30 June 2018		
	RMB	Other foreign currency items	Total
Foreign currency financial assets –			
Cash at bank and on hand	412,839	7,880	420,719
Receivables	391,756	–	391,756
	804,595	7,880	812,475
Foreign currency financial liabilities –			
Payables	(592,995)	(67,007)	(660,002)
	(592,995)	(67,007)	(660,002)
		31 December 2017	
	RMB	Other foreign currency items	Total
Foreign currency financial assets –			
Cash at bank and on hand	540,230	12,802	553,032
Receivables	747,766	–	747,766
	1,287,996	12,802	1,300,798
Foreign currency financial liabilities –			
Short-term borrowings	(1,849,227)	–	(1,849,227)
Payables	(511,352)	(71,268)	(582,620)
	(2,360,579)	(71,268)	(2,431,847)

For the RMB financial assets and RMB financial liabilities, assuming all other risk variables remained constant, 4% strengthening or weakening of the RMB against the USD at 31 June 2018 would have increased (decreased) net profit by the amount of RMB6,348,000 (amount of RMB32,177,000 at 31 December 2017).

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XIV. FINANCIAL RISK (CONTINUED)

1. Market risks (Continued)

(b) Interest rate risk

The Group's Interest rate risk is generated from long-term liabilities with interest such as long-term borrowing and bond payable. Fixed and floating interest-bearing financial instruments exposed the Group to interest rate risk of fair value and cash flow, respectively. The Group determines the proportion between contracts of fixed and floating interest according to the current market environment. As at 30 June 2018, the long-term liabilities are mainly floating interest contract priced by RMB, the amount of which is RMB21,466,710,000 (amount of RMB20,611,021,000 at 31 December 2017).

The Group keeps monitoring the interest level of the Group. Rising interest will increase cost of incremental liabilities and interest expenses from unmatured liabilities with floating interest, which would make significant negative impact to the financial performance of the Group. The Group would make timely adjustments by referring to the latest market condition, which could be interest swap arrangements aimed at reducing the Interest rate risk. There is no interest swap arrangement for the period of 1 January to 30 June 2018 and the year 2017 in the Group.

As at 30 June 2018, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's net profit by the amount of RMB26,833,000 (December 31 2017: RMB25,764,000).

(c) Other price risks

Other price risks of the group are generated from equity instrument investment for trading and other equity instrument investment, which are related with the price floating of equity instrument.

As at 30 June 2018, it is estimated that a general increase/decrease of the comprehensive index of shares 5.00%, with all other variables held constant, would increase/decrease the Group's net profit by the amount of RMB7,496,000 (31 December 2017: RMB7,093,000), increase/decrease other comprehensive income by the amount of RMB8,445,000.

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XIV. FINANCIAL RISK (CONTINUED)

2. Credit risk

The Group's credit risk is primarily attributable to cash at bank, receivables, contract assets, debt investments, financial guarantee contract and etc. Debt instrument investment and derivative financial assets at fair value through profit or loss that are not tested for impairment are also the source of Credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The maximum exposure to credit risk off the financial statement is the maximum amount of RMB2,650,140,000 to fulfil the financial guarantee contracts.

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

In respect of receivables and contract assets, the Group has established relevant policies to control the exposure to Credit risk. The Group evaluate customers in perspectives of finance condition, possibilities of gaining guarantees from third parties, credit record and other factors such as market environment, then determines their credit qualities and credit term. The Group monitors customers' credit constantly. For the customers with poor credit standing, payment remainders, shortening or cancelling credit term are adopted to ensure the overall credit risk profile of the Group is under control.

The Group has no significant guaranty and other credit enhancement.

3. Liquidity risk

Members of the Group have the duties to predict their own cash flow. On the basis of aggregating subsidiaries' cash flow predictions, the Group keeps monitoring the short-term and long-term capital demand to ensure adequate cash reserve and securities for trading. In the meantime, the Group keeps reviewing its compliance with borrowing contract, acquires commitments for funding arrangement from finance institutions, aiming at satisfying short-term and long-term capital demand.

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XIV. FINANCIAL RISK (CONTINUED)

3. Liquidity risk (Continued)

On the balance sheet date, the Group's undiscounted contractual cash flow of financial liabilities are listed by maturity date as follows:

	30 June 2018				Total
	within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term borrowing	21,803,302	–	–	–	21,803,302
Derivative liability	165,647	–	–	–	165,647
Notes payable and accounts payable	14,791,978	–	–	–	14,791,978
Other payable	8,384,372	–	–	–	8,384,372
Other current liabilities	1,015,204	–	–	–	1,015,204
Long-term borrowing	2,126,450	3,999,965	18,502,305	1,084,336	25,713,056
Bond payable	264,000	6,101,930	2,233,400	–	8,599,330
Long-term payable	–	265,300	60,397	–	325,697
	48,550,953	10,367,195	20,796,102	1,084,336	80,798,586

	31 December 2017				Total
	within 1 year	1-2 years	2-5 years	Over 5 years	
Short-term borrowing	15,317,347	–	–	–	15,317,347
Derivative liability	3,025	–	–	–	3,025
Notes payable and accounts payable	14,001,767	–	–	–	14,001,767
Other payable	7,486,768	–	–	–	7,486,768
Other current liabilities	588,235	–	–	–	588,235
Long-term borrowing	1,015,960	4,860,647	20,562,836	831,199	27,270,642
Bond payable	264,000	6,210,029	2,233,400	–	8,707,429
Long-term payable	–	187,698	184,283	–	371,981
	38,677,102	11,258,374	22,980,519	831,199	73,747,194

On the balance sheet date, the maximum amounts of financial guarantees provided from the Group to external entities are listed by earliest date the Group can be required to pay as follows:

30 June 2018				
within 1 year	1-2 years	2-5 years	Over 5 years	Total
1,555,680	840,409	254,051	–	2,650,140

30 June 2018				
within 1 year	1-2 years	2-5 years	Over 5 years	Total
1,276,703	495,032	273,947	–	2,045,682

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XV. FAIR VALUE ESTIMATES

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

1. Assets and liabilities measured at fair value on a recurring basis

The following table presents the Group's assets that are measured at fair value in the above three levels as at 30 June 2018:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets held for trading –				
Investments in debt instrument held for trading	–	–	–	–
Investments in equity instrument held for trading	205,580	–	–	205,580
Financial assets at fair value through profit or loss	–	–	–	–
Derivative financial assets –				
Foreign exchange forward contract	–	6,084	–	6,084
Foreign exchange option contract	–	1,236	–	1,236
Interest rate swaps	–	325	–	325
Hedging instruments	–	–	–	–
Other current assets –				
Note receivable	–	–	–	–
Other non-current assets –				
Interest rate swaps	–	–	19,000	19,000
Other debt investments –				
investment in debt instruments	–	424,154	–	424,154
Investments in other equity instruments –				
Equity instruments of listed companies	180,029	–	–	180,029
Equity instruments of unlisted companies	–	–	830,211	830,211
Financial assets total	385,609	461,419	849,211	1,696,239
Non-financial assets				
Investment properties –				
Completed investment properties	–	–	1,267,547	1,267,547
Land use rights	–	–	413,723	413,723
Non-financial assets total	–	–	1,681,270	1,681,270
Assets total	385,609	461,419	2,530,481	3,377,509

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XV. FAIR VALUE ESTIMATES (CONTINUED)

1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The following table presents the Group's liabilities that are measured at fair value in the above three levels as at 30 June 2018:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities –				
Foreign exchange forward contract	–	(109,169)	–	(109,169)
Foreign exchange option contract	–	(54,791)	–	(54,791)
Currency swap contracts	–	–	–	–
Interest rate swaps	–	(101)	–	(101)
Hedging instruments	–	(1,586)	–	(1,586)
Other non-current liabilities –				
Interest rate swaps	–	(1,118)	–	(1,118)
Financial guarantee contracts	–	–	(38,283)	(38,283)
Financial liabilities total	–	(166,765)	(38,283)	(205,048)

The following table presents the Group's assets that are measured at fair value in the above three levels as at 31 December 2017:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss –				
Investments in equity instrument held for trading	183,303	–	–	183,303
Derivative financial assets –				
Foreign exchange forward contract	–	8,078	–	8,078
Foreign exchange option contract	–	2,135	–	2,135
Interest rate swaps	–	318,538	–	318,538
Hedging instruments	–	1,360	–	1,360
Available-for-sale financial assets –				
Available-for-sale equity instruments	3,995	–	–	3,995
Trust wealth management products	–	408,000	–	408,000
Bond investment	–	28,661	–	28,661
Financial assets total	187,298	766,772	–	954,070
Non-financial assets				
Investment properties –				
Completed investment properties	–	–	1,265,466	1,265,466
Land use rights	–	–	413,723	413,723
Non-financial assets total	–	–	1,679,189	1,679,189
Assets total	187,298	766,772	1,679,189	2,633,259

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XV. FAIR VALUE ESTIMATES (CONTINUED)

1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The following table presents the Group's liabilities that are measured at fair value in the above three levels as at 31 December 2017:

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Derivative financial liabilities –				
Foreign exchange forward contract	–	(241)	–	(241)
Foreign exchange option contract	–	(819)	–	(819)
Currency swap contracts	–	(1,351)	–	(1,351)
Interest rate swaps	–	(614)	–	(614)
Other non-current liabilities –				
Financial guarantee contracts	–	–	(37,807)	(37,807)
Financial liabilities total	–	(3,025)	(37,807)	(40,832)

The Group regards the date when matters occurred which result in significant transfers between instruments in the three levels as the time of transfer. For the period from 1 January to 30 June 2018, there were neither significant transfers between instruments in Level 1 and Level 2 nor Level 2 and Level 3.

For financial instruments traded in active markets, the Group measures its fair value at an active market price; for financial instruments not traded in active markets, the Group uses valuation techniques to determine the fair value. Valuation model mainly used are the discounted cash flow model and market comparables model etc. Input values of the valuation techniques include the risk free interest rate, benchmark interest rate, exchange rate, credit spreads, liquidity premium, EBITDA multiplier, the lack of liquidity discount etc.

The Group has appointed qualified valuer to conduct valuation for the fair value of the investment properties. The methods used include income model and cost model. The key assumptions include rental growth rates, capitalisation rates and unit prices.

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XV. FAIR VALUE ESTIMATES (CONTINUED)

1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The following table presents the movement of the assets and liabilities in Level 3:

	31 December 2017	Influence by Changes in accounting policy	1 January 2018	Increase	Decrease	Transfer to Level 3	Transfer from Level 3	Gains or losses recognized in current profit/(loss)(a)	Gains or losses recognized in other comprehensive income	30 June 2018	Changes of unrealized gain or loss from held assets at 30 June 2018 recognized in profit or loss from January to June 2018 – profit/(loss) from changes in fair value
Other current assets – Note receivable	-	21,060	21,060	-	(2,060)	-	-	-	-	19,000	-
Investments in other equity instruments – Equity instruments of unlisted companies	408,925	456,295	865,220	1	(10)	-	-	-	(35,000)	830,211	-
Financial assets total	408,925	477,355	886,280	1	(2,070)	-	-	-	(35,000)	849,211	-
Investment properties (b) – Completed investment properties	1,265,466	-	1,265,466	-	-	-	-	-	2,081	1,267,547	-
Land use rights	413,723	-	413,723	-	-	-	-	-	-	413,723	-
Assets total	2,088,114	477,355	2,565,469	1	(2,070)	-	-	-	(32,919)	2,530,481	-
Other non-current liabilities – Financial guarantee contracts	(37,807)	-	(37,807)	-	-	-	-	-	(476)	(38,283)	-
Liabilities total	(37,807)	-	(37,807)	-	-	-	-	-	(476)	(38,283)	-

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XV. FAIR VALUE ESTIMATES (CONTINUED)

1. Assets and liabilities measured at fair value on a recurring basis (Continued)

	1 January 2017	Increase	Decrease	Transfer to Level 3	Transfer from Level 3	Gains or losses recognized in current profit/(loss)(a)	Gains or losses recognized in current comprehensive income	Charges of unrealized gain or loss from held assets at 31 December 2017 recognized in profit or loss from the year 2017 – profit/(loss) from changes in fair value
Investment properties –								
Completed investment properties	1,139,285	145,775	(31,619)	-	-	5,344	6,681	1,265,466
Land use rights	613,323	-	(199,600)	-	-	-	-	413,723
Assets total	1,752,608	145,775	(231,219)	-	-	5,344	6,681	1,679,189
Other non-current liabilities –								
Financial guarantee contracts	(57,419)	-	-	-	-	16,782	2,830	(37,807)
Liabilities total	(57,419)	-	-	-	-	16,782	2,830	(37,807)

(a) The gains or losses recognized in current profit or loss are recorded in items as: profit/(loss) from changes in fair value, investment income, impairments of assets and etc.

(b) Finance Department of the Group is responsible for carrying out the valuation of financial assets and financial liabilities. Meanwhile, external independent valuers are engaged to evaluate the fair value of the Group's investment properties. The above valuation results are independently verified and accounted for by the Finance Department of the Group, and disclosure information in relation to fair value is prepared based on the verified valuation results.

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XV. FAIR VALUE ESTIMATES (CONTINUED)

1. Assets and liabilities measured at fair value on a recurring basis (Continued)

The following table presents the information of the assets and liabilities measured at fair value in Level 3:

	Fair value as at 30 June 2018	Valuation techniques	Name	Significant unobservable inputs		
				Scope/weighted average	Relationship with fair value	Observable/ Unobservable
Other current assets – Note receivable	19,000	Net present value model	Risk-free interest rate	8%-12%	The higher the risk-free rate, the lower the fair value	Unobservable
Investments in other equity instruments – Equity instruments of unlisted companies	830,211	Comparables model	Market price (RMB/per share) Discount ratio of illiquidity	3-550 20%-40%	The higher the market price, the higher the fair value The higher the discount ratio of illiquidity, the lower the fair value	Unobservable Unobservable
Investment properties – Completed investment properties	1,267,547	Income model	Rate of return/capitalisation rate Monthly rental (RMB/square meter/month) Budgeted construction cost to be incurred (RMB/square meter)	6%-8% 7-98 650-4,600	The higher of the rate of return/ capitalisation rate, the lower of fair value The higher of the monthly rental, the higher of the fair value The higher of the budgeted construction cost to be incurred, the lower of the fair value	Unobservable Unobservable Unobservable
Land use rights	413,723	Cost model	Anticipated developer's profit margin	9%-12%	The higher of the anticipated developer's profit margin, the lower of the fair value	Unobservable
		Direct comparison	Market price (RMB/square meter)	450-2,200	The higher of the market price, the higher of the fair value	Unobservable
	2,530,481					

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XV. FAIR VALUE ESTIMATES (CONTINUED)

1. Assets and liabilities measured at fair value on a recurring basis (Continued)

	Fair value as at 31 December 2017	Valuation techniques	Name	Significant unobservable Inputs		
				Scope/weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties –						
Completed investment properties	1,265,466	Income model	Rate of return/capitalisation rate	6%-8%	The higher of the rate of return/capitalisation rate, the lower of fair value	Unobservable
			Monthly rental (RMB/square meter/month)	7-9%	The higher of the monthly rental, the higher of the fair value	Unobservable
			Budgeted construction cost to be incurred (RMB/square meter)	650-4,600	The higher of the budgeted construction cost to be incurred, the lower of the fair value	Unobservable
Land use rights	413,723	Cost model	Anticipated developer's profit margin	9%-12%	The higher of the anticipated developer's profit margin, the lower of the fair value	Unobservable
		Direct comparison	Market price (RMB/square meter)	450-2,200	The higher of the market price, the higher of the fair value	Unobservable
	1,679,189					

2. Assets measured at fair value on a non-recurring basis

The non-current assets held for sale are measured at the lower of the book value and the fair value less the disposal expenses. As at 30 June 2018, the Group's assets classified as available for sale include investment properties of 26,401,000, fixed assets of 86,266,000 and intangible assets of 85,207,000, measured at fair value less disposal expenses. The fair value is estimated based on the present value of estimated future cash flows, which belongs to the third level.

3. Assets and liabilities not measured at fair value but for which the fair value is disclosed

Financial assets and liabilities in the group measured by the amortised cost method of including: notes receivable and accounts receivable, other receivable, long-term receivable, short-term borrowings, accounts payable, long-term borrowings, debentures payables, long-term payables etc.

As at 30 June 2018, all financial instruments are carried at amounts not materially different from their fair value.

Where there is an active market for bonds payable, fair value is determined by the quotations in the active market, which belongs to the first level. Fair value of long-term borrowings, long-term payables and debentures payables with no active market is determined by the discounted future cash flow of the contract in accordance with interest that is comparable and offer the same cash flow under the same conditions, which belongs to the third level.

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XV. FAIR VALUE ESTIMATES (CONTINUED)

4. Estimation and assumption of fair values

(a) *Equity investments*

Fair value is based on quoted market prices at the balance sheet date for fair values of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss (excluding derivatives), and other equity instrument investment if there is an active market.

(b) *Receivables*

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

(c) *Borrowings, debentures payable, long-term payables and other non-derivatives financial liabilities*

The fair value of borrowings, debentures payable, long-term payables and other non-derivatives financial liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

(d) *Derivatives*

The fair value of forward exchange contracts is either based on their listed market prices or by discounting the contractual forward price and deducting the current spot rate. The fair value of interest rate swaps is based on broker quotes. The quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar interest rate instrument at the measurement date.

(e) *Financial guarantees contracts*

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that the lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

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XVI. CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the group's ability of sustainable development in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the group is shareholders' equity shown in the consolidated balance sheet. The group is not subject to external mandatory capital requirements, and use debt to asset ratio to monitor capital.

The Group monitors capital on the basis of Debt-Asset ratio. This ratio is calculated as total liabilities divided by total assets.

In 2018 the Group manages capital status by controlling the Debt-Asset ratio not to exceed 70% (2017 not to exceed 70%). The Debt-Asset ratio as at 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	31 December 2017
Total Liability	96,622,318	87,366,945
Total Assets	138,268,359	130,604,379
Debt-Asset Ratio	69.88%	66.89%

XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS

1. Cash at bank and on hand

	30 June 2018	31 December 2017
Bank deposits	1,608,344	1,360,476
Other cash balances	6,438	6,400
Total	1,614,782	1,366,876
Including: cash abroad	-	-

As at 30 June 2018, restricted cash at bank and on hand of the Company amounted to 26,033,000 (31 December 2017: 31,141,000).

As at 30 June 2018, the fixed deposit of the Company in the Financial Company of the Group, was 1,000,000,000 (31 December 2017: 1,000,000,000).

Notes to the Financial Statements

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XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables

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

	30 June 2018	31 December 2017
Receivables arising from financing related parities	14,305,647	13,104,034
Security deposit	14,739	14,739
Dividends receivable	4,850,716	4,918,369
Others	42,358	82,949
Sub-total	19,213,460	18,120,091
Less: provision for doubtful debts	(4,580)	(4,580)
Total	19,208,880	18,115,511

(2) As at 30 June 2018, the five largest other receivables are analysed as follows

	Nature	Amount	Aging	% of total balance	Provision for doubtful debts
CIMC Hong Kong	fund transfer, daily transfer	4,224,405	Within 1 year, 1 to 2 years	21.99%	–
CIMC Leasing	fund transfer	1,916,545	1 to 2 years	9.98%	–
CIMC Raffles	fund transfer	1,739,858	1 to 2 years	9.06%	–
Jirui C&C Trucks	fund transfer	1,421,301	Within 1 year, 1 to 2 years, 2 to 3 years, Over 3 years	7.40%	–
Hongxin Berg	fund transfer	1,098,748	1 to 2 years	5.72%	–
		10,400,857		54.15%	–

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XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

(1) Long-term equity investments are analysed by categories as follows:

	30 June 2018	31 December 2017
Subsidiaries	10,491,588	9,583,886
Less: provision for impairment	–	–
Total	10,491,588	9,583,886

There is no restriction on sale of the long-term equity investments held by the Company.

(2) Subsidiaries:

Investee	31 December 2017	Current period movement	30 June 2018	share holding (%)	voting rights (%)	Provision for impairment	Cash dividend
SCIMC	110,831	249,146	359,977	100.00%	100.00%	–	249,146
XHCIMC	36,500	(36,500)	–	100.00%	100.00%	–	–
TJCIMC	77,704	–	77,704	100.00%	100.00%	–	–
DLCIMC	48,764	–	48,764	100.00%	100.00%	–	–
CQVL	39,499	–	39,499	100.00%	100.00%	–	–
SCRC	200,892	–	200,892	92.00%	92.00%	–	24,138
CIMC Hong Kong	1,690	–	1,690	100.00%	100.00%	–	628,362
CIMC SD	162,686	–	162,686	100.00%	100.00%	–	–
HI	606,912	–	606,912	63.33%	63.33%	–	128,253
CIMC Tech	41,526	–	41,526	68.00%	68.00%	–	–
CIMCWD	54,817	–	54,817	100.00%	100.00%	–	20,788
CIMC Training	48,102	–	48,102	100.00%	100.00%	–	–
DLZH	182,136	–	182,136	100.00%	100.00%	–	–
MEA	111,703	–	111,703	100.00%	100.00%	–	–
CIMC Wood	3,472	–	3,472	100.00%	100.00%	–	749

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XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(2) Subsidiaries: (Continued)

Investee	31 December 2017	Current period movement	30 June 2018	share holding (%)	voting rights (%)	Provision for impairment	Cash dividend
SZ Investment Holding	72,401	–	72,401	100.00%	100.00%	–	–
Finance Company	482,590	–	482,590	100.00%	100.00%	–	34,348
CIMCVL	422,363	–	422,363	100.00%	100.00%	–	–
QDSV	26,912	–	26,912	79.59%	79.59%	–	681
SZ Investment	140,000	–	140,000	100.00%	100.00%	–	–
SESKYC	90,000	100,000	190,000	100.00%	100.00%	–	–
DLCIMCS	69,806	(69,806)	–	100.00%	100.00%	–	–
Container Holding	4,378,821	664,862	5,043,683	100.00%	100.00%	–	–
COOP	205,022	–	205,022	99.00%	99.00%	–	–
CIMC Modern Logistic Development Co., Ltd.	803,904	–	803,904	100.00%	100.00%	–	55,800
C&C Trucks	980,593	–	980,593	70.06%	70.06%	–	–
Offshore Holdings	35,000	–	35,000	100.00%	100.00%	–	–
Overseas holding company	13,160	–	13,160	100.00%	100.00%	–	–
Guangdong Vehicle Park	30,000	–	30,000	100.00%	100.00%	–	–
Modular Investment	106,080	–	106,080	100.00%	100.00%	–	–
Sub-total	9,583,886	907,702	10,491,588			–	1,142,265

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XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Other equity investments

	30 June 2018	31 December 2017
Equity instrument investment		
Unlisted companies		
– BOCM Schroder Stolt Fund Management	281,900	–
– China Railway United Logistics	523,000	–
	804,900	–
	30 June 2018	31 December 2017
BOCM Schroder Stolt Fund Management		
– Cost	8,125	–
– Accumulated net change in fair value	273,775	–
	281,900	–
China Railway United Logistics		
– Cost	380,780	–
– Accumulated net change in fair value	142,220	–
	523,000	–

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XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

5. Fixed assets

	Plants and buildings	Motor vehicles	Office & other equipment	Total
Original cost				
31 December 2017	148,745	27,756	131,989	308,490
Transfer from construction in progress	–	819	4,050	4,869
Decrease in current period	(2,681)	–	(6)	(2,687)
30 June 2018	146,064	28,575	136,033	310,672
Accumulated depreciation				
31 December 2017	(52,423)	(19,628)	(93,308)	(165,359)
Depreciation recognised current period	(2,232)	(802)	(3,925)	(6,959)
Decrease in current period	2,002	–	6	2,008
30 June 2018	(52,653)	(20,430)	(97,227)	(170,310)
Liquidation of fixed assets				
31 December 2017	–	–	1,117	1,117
Increase in current period	679	–	1	680
Decrease in current period	(679)	–	(1)	(680)
30 June 2018	–	–	1,117	1,117
Carrying amount				
31 December 2017	96,322	8,128	39,798	144,248
30 June 2018	93,411	8,145	39,923	141,479

The depreciation charged for fixed assets that were expensed into administration expense amounted to RMB6,959,000 (from 1 January to 30 June 2017: RMB6,370,000) for the six months ended 30 June 2018. Fixed assets at cost transferred from construction in progress was RMB4,869,000 (from 1 January to 30 June 2017: 5,570,000) for the six months ended 30 June 2018.

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XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

6. Short-term borrowings

(1) The analysis of the Company's short-term loans is as follows:

	30 June 2018	31 December 2017
Bank borrowings		
– Unsecured	3,675,000	350,000

The range of short-term borrowing interest rate is 4.35%-5.00% at 30 June 2018 (31 December 2017: 4.57%-4.79%).

7. Financial liabilities at fair value through profit or loss

	30 June 2018	31 December 2017
Current Portion		
– Interest swap contract	101	614
	101	614

8. Taxes payable

	30 June 2018	31 December 2017
Value-added-tax payable	5,037	2
Income tax payable	1,867	1,867
Withholding individual income tax	1,244	1,113
Others	48	112
Total	8,196	3,094

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XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

9. Other payable

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

	30 June 2018	31 December 2017
Current account with subsidiaries	3,096,863	4,622,950
Dividends payable	820,784	–
Interest of corporate bonds	219,555	86,241
Interest of short-term borrowings	4,800	492
Equipment use right	3,347	8,367
Interest of long-term borrowings	2,957	2,562
Quality guarantees	651	647
Accruals	–	4,870
Others	9,352	13,747
Total	4,158,309	4,739,876

(2) Significant other payables aged over one year

As at 30 June 2018, significant other payables aged over one year mainly represented unsettled quality guarantee and deposits.

(3) As at 30 June 2018 and 31 December 2017, no amount due to shareholders who hold 5% (including 5%) or more of the voting rights of the Company is included in the balance of other payables.

(4) Other payables to related parties:

Company name	Relationship with the Group	30 June 2018	31 December 2017
Total amount due to subsidiaries	Subsidiaries	3,096,863	4,622,950

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XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

10. Current Portion Of Non-Current Liabilities

- (1) The analysis of the Company's current portion of non-current liabilities by categories is as follows:

	30 June 2018	31 December 2017
Current portion of long-term borrowings – Unsecured	400,000	1,095,000
Total	400,000	1,095,000

- (2) There were no overdue long-term borrowings of which the durations are extended (31 December 2017: Nil).

11. Other current liabilities

	30 June 2018	31 December 2017
Super&Short-term Commercial Paper	1,000,000	–
Total	1,000,000	–

12. Long-term borrowings

- (1) The analysis of the Company's long-term loans is as follows:

	30 June 2018	31 December 2017
Unsecured	2,358,000	1,322,000

As at 30 June 2018, there were no overdue long-term borrowings of which the durations are extended (31 December 2017: Nil).

As at 30 June 2018, the interest rate of long-term borrowing ranged from 1.20% to 5.46% (31 December 2017: 1.20% to 3.35%).

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XVII. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

13. Debentures payable

Information for the Company's debentures payable please refer to Note IV.37.

14. Deferred tax assets and deferred tax liabilities

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

	30 June 2018		31 December 2017	
	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Employee benefits payable	286,975	71,744	291,949	72,986
Movement for fair value of financial liabilities at fair value through profit or loss	101	25	614	154
Sub-total	287,076	71,769	292,563	73,140
Offsetting amount	-	-	-	-
Offsetting balances	287,076	71,769	292,563	73,140
Including:				
Amount estimated to reverse within 1 year(inclusive)		71,769		73,140

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XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

15. Capital surplus

	31 December 2017	Increase in current period	Decrease in current period	30 June 2018
Share premium	3,675,678	40,569	–	3,716,247
Other capital surplus:				
– Exchange reserve on foreign currency	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	222,935	–	(15,703)	207,232
Others	(568,492)	–	(18,857)	(587,349)
Total	3,330,895	40,569	(34,560)	3,336,904

	31 December 2016	Increase in current period	Decrease in current period	30 June 2017
Share premium	3,601,855	73,823	–	3,675,678
Other capital surplus:				
– Exchange reserve on foreign currency	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	253,012	–	(30,077)	222,935
Others	(568,492)	–	–	(568,492)
Total	3,287,149	73,823	(30,077)	3,330,895

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XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

16. Other comprehensive income

	31 December 2017	Amount incurred in current period		30 June 2018
		Pre-tax amount incurred in current period	Post-tax amount attributable to the parent Company	
Other comprehensive income that may be reclassified subsequently to profit and loss:				
– Property revaluation reserve	43,754	–	–	43,754

	31 December 2016	Amount incurred in current period		31 December 2017
		Pre-tax amount incurred in current period	Post-tax amount attributable to the parent Company	
Other comprehensive income that may be reclassified subsequently to profit and loss:				
– Property revaluation reserve	43,754	–	–	43,754

17. Undistributed profits

	from 1 January to 30 June 2018	For 2017
Undistributed profits at the beginning of the year	2,189,653	2,380,348
Add: net profit for the current period	1,049,800	79,106
Less: effect of issue of perpetual bonds by the Company	(51,900)	(87,808)
Less: appropriation for surplus reserve	–	(2,156)
Less: ordinary share dividends payable	(806,532)	(179,837)
Undistributed profits at the end of the period	2,381,021	2,189,653

In accordance with the resolution at the shareholders' general meeting of the Company, as at 8 June 2018, the Company paid a cash dividend in the amount of RMB0.27 per share to the ordinary shareholders as at 20 July 2018 (2017: RMB0.06 per share), totalling RMB806,532,000 (2017: RMB179,837,000).

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

18. Revenue and cost of sales

(1) Revenue and cost of sales

	January - June 2018	January - June 2017
Revenue from other operations	159,174	96,917
Cost of sales from other operations	-	1,452

(2) Revenue and cost of sales from other operations

	January - June 2018		January - June 2017	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	158,570	-	95,451	-
Others	604	-	1,466	1,452
Total	159,174	-	96,917	1,452

19. Financial expenses – net

	January - June 2018	January - June 2017
Interest expenses	235,069	250,631
Less: interest income	(105,426)	(162,503)
Exchange losses	(41,732)	205,317
Others	5,851	2,698
Total	93,762	296,143

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2018
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

20. Investment income

	January - June 2018	January - June 2017
Income from long-term equity investment under cost method	1,142,265	348,431
Income earned during the holding period of available-for-sale financial assets	6,000	4,000
Income from disposal of long-term equity investment	(64,306)	-
Others	310	6,609
Total	1,084,269	359,040

21. Profit/(loss) from changes in fair value

	January - June 2018	January - June 2017
Financial liabilities at fair value through profit or loss – Changes in fair value during the period	513	1,623
Total	513	1,623

22. Non-operating income

(1) Non-operating income by categories:

	January - June 2018	January - June 2017
Others	917	21

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

23. Non-operating expenses

	January - June 2018	January - June 2017
Abnormal losses	–	396
Losses on disposal of fixed assets	–	586
Others	–	764
Total	–	1746

24. Income tax expenses

	January - June 2018	January - June 2017
Current income tax calculated based on tax law and related regulations	–	–
Change in deferred income tax	1,372	2,644
Total	1,372	2,644

The income tax calculated at applicable tax rates is adjusted to income tax expense based on the total profit of the income statement:

	January - June 2018	January - June 2017
Total profit before tax	1,051,172	31,304
Income tax calculated at applicable tax rates	262,793	7,826
Expenses not deductible for tax purposes	463	803
The tax impact of the current loss for which no deferred income tax asset was recognised	25,182	82,123
Income not subject to tax	(287,066)	(88,108)
Income tax expenses	1,372	2,644

Notes to the Financial Statements

For the period started from 1 January and ended 30 June 2018
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

25. Notes to the cash flow statement

(1) Supplementary information to the cash flow statement:

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

	from 1 January to 30 June 2018	from 1 January to 30 June 2017
Net profit	1,049,800	28,661
Depreciation of fixed assets	6,959	6,370
Amortisation of intangible assets	129	129
Amortisation of long-term prepaid expenses	5,182	5,517
The decline in amortization costs	–	3,000
Accrued expenses increased	(4,870)	(7,592)
Losses on disposal of fixed assets, intangible assets	(17,538)	586
Loss/(profit) on change in fair value	(513)	(1,623)
Financial expenses	161,488	300,050
Investment loss/(income)	(1,084,269)	(359,040)
Decrease/(Increase) in deferred tax assets	1,372	2,644
Decrease/(Increase) in operating receivables	(1,554,133)	185,423
Decrease/(Increase) in operating payables	(1,437,004)	(1,544,959)
Net cash flows from operating activities	(2,873,397)	(1,380,835)

(b) Net change of cash and cash equivalents:

	from 1 January to 30 June 2018	from 1 January to 30 June 2017
Cash and cash equivalents at the end of the period	588,749	699,840
Less: cash and cash equivalents at the beginning of the period	333,730	1,715,470
Net increase of cash and cash equivalents	253,019	(1,015,630)

(2) Composition of cash and cash equivalents

	30 June 2018	30 June 2017
I. Cash		
Including: Cash at bank that can be liquidated at any time on demand	588,749	698,935
Other monetary fund that can be readily drawn on demand	–	905
II. Cash and cash equivalents at the end of the period that can be liquidated at any time on demand	588,749	699,840

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

SUPPLEMENTARY INFORMATION

For the period started from 1 January and ended 30 June 2018

(All amounts in RMB'000 unless otherwise stated)

(English Translation for Reference Only)

I. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	from 1 January to 30 June 2018	from 1 January to 30 June 2017
Profit/(loss) on disposal of non-current assets	37,319	13,739
Government grants recognised in profit or loss for the current period	120,979	91,032
Gains or losses from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets and gains or losses from changes in fair values of investment properties subsequently measured at fair value, except for the effective hedging activities related to the group's ordinary activities	9,007	(20,332)
Net gains/(loss) from disposal of subsidiaries	116,892	(25,460)
Other non-operating income and expenses other than the above items	1,428	38,201
Other non recurring gains and loss items	–	(105,549)
Sub-total	285,625	(8,369)
Effect of income tax	(2,803)	(30,200)
Effect of minority interests (after tax)	(37,441)	(29,616)
Total	245,381	(68,185)

Note: Aforesaid non-recurring profit or loss items was presented at amount before taxation.

Basis for preparation of statement of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

SUPPLEMENTARY INFORMATION

For the period started from 1 January and ended 30 June 2018
(All amounts in RMB'000 unless otherwise stated)
(English Translation for Reference Only)

II. RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with Interpretive Pronouncement on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 – Earnings per share and return on net assets (2010 revised) and relevant requirements of accounting standard, the calculation of return on net assets and earnings per share of the Company is listed as follows:

	Weighted average return on net assets(%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	January - June 2018	January - June 2017	January - June 2018	January - June 2017	January - June 2018	January - June 2017
Net profit attributable to ordinary shareholders of the Company	2.95%	2.76%	0.3061	0.2554	0.3038	0.2544
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	2.16%	3.00%	0.2239	0.2783	0.2218	0.2772

Chapter X Documents Available for Inspection

- I. The original copies of the interim report of the Company for 2018 signed by the Company's legal representative.
- II. The original copies of the unaudited financial report of the Company for the six months ended 30 June 2018 prepared under CASBE duly signed and under the seal of the legal representative of the Company, the person-in-charge of accounting affairs, and accounting person-in-charge (General Manager of Financial Management Department).
- III. The original copies of the documents and announcements of the Company published in the newspaper stipulated by the China Securities Regulatory Commission during the Reporting Period.

Wang Hong
Chairman

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

August 2018

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Driving new value Moving the world

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