

# Annual Report 2016

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



**NEW CIMC**  
*Creating new value*

**CIMC**

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

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



## Risk Warning

This Report contains certain forward-looking statements with respect to the financial position, operational results and business of the Group. These forward-looking statements are, by their nature, subject to significant risk and uncertainties because they relate to events and depend on circumstances which may occur in the future and are beyond our control. The forward-looking statements reflect the Group's current views with respect of future events and are not a guarantee of future performance. Actual results may differ from the information contained in such forward-looking statements.

# Contents

Definitions	003
Glossary	006
Chapter I Corporate Profile	007
Chapter II Summary of Accounting Data and Financial Indicators	010
Chapter III Chairman's Statement	016
Chapter IV Report of the Board	024
Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules	050
Chapter VI Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules	070
Chapter VII Report of the Supervisory Committee	078
Chapter VIII Significant Events	083
Chapter IX Changes in Share Capital and Information on Shareholders	110
Chapter X Information on Directors, Supervisors, Senior Management and Employees	122
Chapter XI Corporate Governance and Corporate Governance Report	139
Chapter XII Auditor's Report	173
Chapter XIII Financial Statements Prepared in Accordance with CASBE	183
Chapter XIV Confirmation from the Directors and Senior Management	415
Chapter XV Documents Available for Inspection	416



## Important Notice

The Board of Directors, the Supervisory Committee and the Directors, Supervisors and senior management of the Company warrant that this annual report is true, accurate and complete and does not contain any false records, misleading statements or material omission and jointly and severally take legal responsibility.

The 2016 annual report (this "Report") has been reviewed and approved at the 1st meeting of the 8th session of the Board in 2017. All Directors have attended the Board meeting to review and approve this Report.

The proposed profit distribution plan of the Company for 2016 as considered and approved by the Board is based on the total share capital of the Company as at the record date of dividend payment for 2016, a cash dividend of RMB0.6 (tax inclusive) per 10 shares will be distributed to all Shareholders; no bonus share will be issued and no share will be converted from reserves into share capital. The proposed dividend is expected to be payable on or around 20 July 2017. The annual dividend distribution proposal for 2016 shall be submitted to the Company's annual general meeting for consideration and approval.

Mr. Wang Hong, person-in-charge of the Company and chairman of the Board, Mr. Mai Boliang, CEO and president, and Mr. Jin Jianlong, general manager of the financial management department, person-in-charge of

accounting affairs and head of the accounting department (the financial controller), hereby warrant the truthfulness, accuracy and completeness of the financial statements contained in this Report.

No substantial Shareholder of the Company utilised the funds of the Company for non-operating purposes during the Reporting Period.

The financial statements of the Company and its subsidiaries have been prepared in accordance with the CASBE. The financial statements of the Group for 2016 prepared in accordance with CASBE have been audited by PricewaterhouseCoopers Zhong Tian LLP, who has issued an audit report with unqualified opinions on the financial statements.

This Report contains forward-looking statements in relation to subjects such as future plans, which do not constitute any specific undertakings to investors by the Company. Investors should be aware of investment risks.

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

## Definitions

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

Items	Definitions
"A Share(s)" (or "RMB-denominated Ordinary Share(s)")	domestic ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in Renminbi;
"A Share(s) Share Option Incentive Scheme"	share option incentive scheme of China International Marine Containers (Group) Co., Ltd. considered and approved at the extraordinary general meeting of the Company on 17 September 2010;
"Articles of Association"	"The Articles of China International Marine Containers (Group) Co., Ltd.";
"Board"	the Board of the Company;
"C&C Trucks"	C&C Trucks Co., Ltd. (集瑞聯合重工有限公司), a company incorporated in the PRC with limited liability on 12 March 2009 and a non-wholly-owned subsidiary of the Company;
"CASBE"	Accounting Standards for Business Enterprises – Basic Standard and 38 Specific Accounting Standards issued by the Ministry of Finance of the People's Republic of China on 15 February 2006, and application guidance and interpretations to CASBE and other related regulations subsequently issued;
"CFSE"	China Fire Safety Enterprise Group Limited, listed on the main board of the Hong Kong Stock Exchange (stock code: 445), an associated company of the Company;
"CIMC" or "Company"	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Hong Kong Stock Exchange;
"CIMC Enric"	CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a company incorporated in the Cayman Islands with limited liability on 28 September 2004 and listed on the main board of the Hong Kong Stock Exchange (Hong Kong stock code: 3899) on 20 July 2006 and a non-wholly-owned subsidiary of the Company;
"CIMC Finance Company"	CIMC Finance Co., Ltd., a company incorporated in the PRC with limited liability on 9 February 2010 and a wholly-owned subsidiary of the Company;
"CIMC Financial Leasing Company"	CIMC Financial Leasing Co., Ltd., a company incorporated in the PRC with limited liability on 30 July 2007 and a wholly-owned subsidiary of the Company;

## Definitions

“CIMC Hong Kong” or “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 with limited liability on 30 July 1992 and a wholly-owned subsidiary of the Company;
“CIMC Offshore”	CIMC Offshore Holdings Limited, a company incorporated in Hong Kong on 8 September 2009, and a wholly-owned subsidiary of the Company;
“CIMC Offshore Engineering”	CIMC Offshore Engineering Co., Ltd., a company incorporated in the PRC on 21 July 2016 and a wholly-owned subsidiary of the Company;
“CIMC Qianhai Leasing”	CIMC Qianhai Financial Leasing (Shenzhen) Co., Ltd., a company incorporated in the PRC on 7 January 2014 and a wholly-owned subsidiary of the Company;
“CIMC Raffles”	CIMC Raffles Offshore (Singapore) Limited, a company incorporated in Singapore with limited liability on 7 March 1994 and a wholly-owned subsidiary of the Company;
“CIMC Tianda”	Shenzhen CIMC-Tianda Airport Support Co., Ltd. (深圳中集天達空港設備有限公司), a company incorporated in the PRC with limited liability on 18 July 1992 and a non-wholly-owned subsidiary of the Company;
“CIMC Vehicle (Group)”	CIMC Vehicle (Group) Co., Ltd. (中集車輛(集團)有限公司), a company incorporated in the PRC with limited liability on 29 August 1996 and a non-wholly-owned subsidiary of the Company;
“Corporate Governance Code”	the Corporate Governance Code contained in Appendix 14 of the Hong Kong Listing Rules;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;
“Group”, “we”, “our” and “us”	the Company and its subsidiaries;
“H Share(s)” (or “Overseas-listed Foreign Share(s)”)	overseas-listed foreign ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;

## Definitions

“Implementation Rules of the Audit Committee”	“The Implementation Rules of the Audit Committee under the Board 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;
“PRC” or “China”	the People’s Republic of China;
“Pteris”	Pteris Global Limited, a company incorporated in 1979, and a subsidiary of the Company;
“Reporting Period” or “Year”	the twelve months from 1 January to 31 December 2016;
“RMB”	Renminbi, the lawful currency of the PRC;
“Rules of Procedures of the Board”	“The Rules of Procedures for the Board of China International Marine Containers (Group) Co., Ltd.”;
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;
“Shareholder(s)”	the holder(s) of share(s) of the Company;
“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;
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States of America; and
“Ziegler”	Albert Ziegler GmbH, a company incorporated in Germany with limited liability and a non-wholly-owned subsidiary of the Company.

## Glossary

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

Items	Definitions
CNG	Compressed Natural Gas;
E331	Excellent Quality: 30% cost reduction, 30% efficiency enhancement and 100% plan achievement;
GSE	Ground Support Equipment, refers to airport equipment used to ensure flight safety. To meet the requirements for aircraft maintenance and flights, airports are equipped with a variety of modern ground support equipment, including but not limited to mechanical, electric, hydraulic and special gas equipment;
HSE	Health Safety Environment;
IBC	Intermediate Bulk Container and specialised logistic equipment;
Jack-up Drilling Platform	A jack-up drilling platform is a mobile oil rig commonly used for shallow water operation. Most jack-up rigs operate in water depths ranging from 250 to 400 feet. This oil drilling equipment is generally used for mounting machinery, power supply, equipment and accommodation facilities for drilling and certain liftable spud legs on a platform floating on the water;
LNG	Liquefied Natural Gas;
Modular Building	the building manufactured in a factory environment and transported to a prepared project site to be installed;
ONE Model	Optimization Never Ending, the lean management system of the Group;
QHSE	A management system that guides and controls an organisation in respect of Quality, Health, Safety and Environmental aspects;
Semi-submersible Drilling Platform	A semi-submersible drilling platform is a mobile oil rig; the upper part of the hull structure is the working deck and the lower part comprises two lower hulls, with the parts connected by support columns. When in operation, the lower hulls are submerged into the water. A semi-submersible platform is generally used in deep seas with water depths ranging from 600-3,600m. The platform typically uses a dynamic positioning system for positioning; and
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

The Company was incorporated in Shenzhen, Guangdong Province, the PRC under the PRC Company Law on 14 January 1980 and was named as “China International Marine Containers Co., Ltd.” (中國國際海運集裝箱股份有限公司) upon incorporation. After being restructured as a joint stock limited company in December 1992, and publicly offered A shares and B shares which were listed on the Shenzhen Stock Exchange in 1994, the Company changed its name to “China International Marine Containers (Group) Co., Ltd.” (中國國際海運集裝箱(集團)股份有限公司) in 1995. The A shares of the Company were listed on the Shenzhen Stock Exchange on 8 April 1994 and its H shares were listed by introduction on the main board of the Hong Kong Stock Exchange on 19 December 2012. The Company is the first enterprise in China with its B shares converted into H shares listed on the main board of the Hong Kong Stock Exchange.

The Group is a world leading equipment and solution provider in the logistics and energy industries and is principally engaged in the manufacture of containers, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering equipment and airport facilities equipment as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, regional special containers, tank containers, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels, passenger boarding bridges, air cargo handling systems, ground vehicles with specific purpose and automatic parking system and the provision of relevant services. In addition, the Group is also engaged in logistics service, real estate development, finance and other businesses. Through business expansion and technology development, we have formed an industry cluster focusing on key equipment and solutions provided for the logistics and energy industries.

### I. COMPANY INFORMATION

Legal Name in Chinese:	中國國際海運集裝箱(集團)股份有限公司
Abbreviated Chinese Name:	中集集團
Company Name in English:	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
Principal Place of Business in Hong Kong:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Company Website:	<a href="http://www.cimc.com">www.cimc.com</a>
Email Address:	<a href="mailto:shareholder@cimc.com">shareholder@cimc.com</a>

## Chapter I Corporate Profile

### 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) 2682 6579
Email Address:	shareholder@cimc.com
Assistant Company Secretary:	Shen Yang
Contact Address:	3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong
Contact Telephone:	(852) 2232 7318
Facsimile:	(852) 2805 1835
Email Address:	shareholder@cimc.com

### III. CHANGES IN REGISTRATION

Uniform social credit code:	91440300618869509J
First Registration Date of the Company:	14 January 1980
First Registration Place of the Company:	Shenzhen Administration of Industry and Commerce
Registration at the End of the Reporting Period:	Same as the above
Change of the Controlling Shareholder:	No controlling Shareholder

### IV. 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: www.cninfo.com.cn H Shares: www.hkexnews.hk
Legal Website:	www.cimc.com
Places at which this Report is Available:	Office of the Secretary to the Board of the Company, CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC (Postal code: 518067)

## V. STOCK INFORMATION OF THE COMPANY

Stock Exchange on which A Shares are Listed:	Shenzhen Stock Exchange
Abbreviated Stock Name for A Shares:	CIMC
Stock Code:	000039
Stock Exchange on which H Shares are Listed:	Hong Kong Stock Exchange
Abbreviated Stock Name for H Shares:	CIMC, ZJHD (Note)
Stock Code:	02039, 299901 (Note)

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

## VI. OTHER RELEVANT INFORMATION

Hong Kong Share Registrar: Address:	Computershare Hong Kong Investor Services Limited Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong
Hong Kong Lawyers: Address:	Paul Hastings 21-22/F, Bank of China Tower, 1 Garden Road, Central, Hong Kong
PRC Lawyers: Address:	Commerce & Finance Law Offices 6/F, NCI Tower, A12 Jianguomenwai Avenue, Chaoyang District, Beijing, PRC
Auditors: Address:	PricewaterhouseCoopers Zhong Tian LLP 11th Floor, PricewaterhouseCoopers Centre, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai, PRC
The Certified Public Accountants as the Signatories:	Cao Cuili, Cai Zhifeng

## Chapter II

# Summary of Accounting Data and Financial Indicators

### I. CHANGE OF ACCOUNTING POLICIES AND CORRECTION OF ACCOUNTING ERRORS

Retrospective adjustment to or restatement of the accounting data for prior years by the Company due to change of accounting policies and correction of accounting errors

Yes  No

As considered and approved by the Board and the Supervisory Committee of the Company on 29 December 2016, the measurement of investment properties of the Company was changed from the cost measurement mode to the fair value measurement mode, and retrospective adjustments have been made on the items such as investment properties and other comprehensive income in the financial report for 2015. For details, please refer to note II. 33 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

Unit: RMB thousand

	2016	2015		Changes from previous year to this year after the adjustment	2014	
		Before the adjustment	After the adjustment		Before the adjustment	After the adjustment
Revenue	51,111,652	58,685,804	58,685,804	(12.91%)	70,070,855	70,070,855
Net profit attributable to Shareholders and other equity holders of the Company	539,660	1,974,005	2,026,613	(73.37%)	2,477,802	2,477,802
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	511,420	1,721,222	1,751,645	(70.80%)	2,142,682	2,142,682
Net cash flows from operating activities	2,341,619	(3,610,223)	(3,610,223)	164.86%	6,434,477	6,434,477
Basic earnings per share (RMB/share)	0.14	0.72	0.74	(81.08%)	0.93	0.93
Diluted earnings per share (RMB/share)	0.14	0.71	0.73	(80.82%)	0.92	0.92
Weighted average return on net assets	2%	8%	8%	(6%)	12%	12%

	As at the end of 2016	As at the end of 2015		Changes from the end of previous year to the end of this year after the adjustment	As at the end of 2014	
		Before the adjustment	After the adjustment		Before the adjustment	After the adjustment
Total assets	124,614,748	106,763,171	107,057,065	16.40%	87,776,181	87,966,564
Net assets attributable to Shareholders and other equity holders of the Company	29,285,970	28,541,319	28,687,635	2.09%	22,290,314	22,380,369

Whether there are corporate bonds

Yes  No

Chapter II  
Summary of Accounting Data and Financial Indicators

II. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE GROUP FOR THE LAST FIVE YEARS

Unit: RMB thousand

Income statement items	2016	For the year ended 31 December				
		2015 (Restated)	Changes from the previous year to this year	2014	2013	2012
Revenue	51,111,652	58,685,804	(12.91%)	70,070,855	57,874,411	54,334,057
Operating profit	800,538	3,039,854	(73.67%)	3,297,874	3,370,835	2,639,441
Profit before income tax expense	1,702,051	3,302,470	(48.46%)	3,570,416	3,562,720	2,907,380
Income tax expense	967,068	951,825	1.60%	536,488	928,222	976,950
Profit for the year	734,983	2,350,645	(68.73%)	3,033,928	2,634,498	1,930,430
Including:						
Net profit attributable to Shareholders and other equity holders of the Company	539,660	2,026,613	(73.37%)	2,477,802	2,180,321	1,939,081
Profit or loss attributable to minority Shareholders	195,323	324,032	(39.72%)	556,126	454,177	(8,651)
Net profit attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	511,420	1,751,645	(70.80%)	2,142,682	1,343,090	1,706,490

Unit: RMB thousand

Assets and liabilities items	2016	As at 31 December				
		2015 (Restated)	Changes from the previous year to this year	2014 (Restated)	2013	2012
Total current assets	53,352,031	43,530,325	22.56%	45,172,177	41,169,668	38,346,189
Total non-current assets	71,262,717	63,526,740	12.18%	42,794,387	31,436,304	24,646,191
Total assets	124,614,748	107,057,065	16.40%	87,966,564	72,605,972	62,992,380
Total current liabilities	46,249,215	45,922,271	0.71%	43,340,077	32,576,349	25,540,032
Total non-current liabilities	39,230,741	25,413,879	54.37%	17,202,785	15,533,495	15,335,191
Total liabilities	85,479,956	71,336,150	19.83%	60,542,862	48,109,844	40,875,223
Equity attributable to Shareholders and other equity holders of the Company	29,285,970	28,687,635	2.09%	22,380,369	20,674,037	19,513,176
Minority interests	9,848,822	7,033,280	40.03%	5,043,333	3,822,091	2,603,981
Total equity attributable to Shareholders	39,134,792	35,720,915	9.56%	27,423,702	24,496,128	22,117,157

## Chapter II

### Summary of Accounting Data and Financial Indicators

Unit: RMB thousand

Cash flow items	For the year ended 31 December					
	2016	2015	Changes from the previous year to this year	2014	2013	2012
Net cash flows from operating activities	2,341,619	(3,610,223)	164.86%	6,434,477	2,749,926	2,242,919
Net cash flows from investing activities	(6,854,655)	(12,584,781)	45.53%	(11,553,782)	(6,504,459)	(1,559,348)
Net cash flows from financing activities	7,511,046	16,505,663	(54.49%)	3,940,986	3,632,937	(2,889,667)

Key financial indicators	For the year ended 31 December					
	2016	2015 (Restated)	Changes from the previous year to this year (%)	2014	2013	2012
Basic earnings per share attributable to Shareholders of the Company (RMB/share)	0.14	0.74	(81.08%)	0.93	0.82	0.73
Diluted earnings per share attributable to Shareholders of the Company (RMB/share)	0.14	0.73	(80.82%)	0.92	0.81	0.73
Net cash flows from operating activities per share (RMB/share)	0.79	(1.21)	165.29%	2.41	1.03	0.84
Net assets per share attributable to Shareholders and other equity holders of the Company (RMB/share) (Total shares based on ordinary shares outstanding at the end of the year)	9.83	9.63	2.08%	8.34	7.77	7.33
Weighted average return on net assets (%)	2%	8%	(6%)	12%	11%	10%
Weighted average return on net assets after deducting non-recurring profit or loss (%)	1%	7%	(6%)	10%	7%	9%

## Summary of Accounting Data and Financial Indicators

**III. KEY FINANCIAL INDICATORS OF THE GROUP BY QUARTER DURING THE REPORTING PERIOD**

Unit: RMB thousand

	2016			
	The first quarter	The second quarter	The third quarter	The fourth quarter
Revenue	10,412,416	13,130,427	11,439,771	16,129,038
Net profit/(net loss) attributable to Shareholders and other equity holders of the Company	410,444	(788,478)	188,403	729,291
Net profit/(net loss) attributable to Shareholders and other equity holders of the Company after deducting non-recurring profit or loss	303,386	(805,586)	108,457	905,163
Net cash flows from operating activities	219,500	714,232	(195,507)	1,603,394

Significant differences exist between the above financial indicators or their sums and the related financial indicators in the quarter reports and semi-annual reports disclosed by the Company

Yes     No

## Chapter II

### Summary of Accounting Data and Financial Indicators

#### IV. NON-RECURRING PROFIT OR LOSS ITEMS AND AMOUNTS OF THE GROUP FOR THE LATEST THREE YEARS

Unit: RMB thousand

Items	2016	2015 (Restated)	2014
Gains/(loss) on disposal of non-current assets	264,552	(17,588)	(33,210)
Government grants recognised in profit or loss for the current period	497,336	298,893	294,996
Remeasurement of the fair value of equity interest in the acquiree held prior to the acquisition date to recognise investment gains/(loss)	–	–	41,863
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	399,704	122,659	(127,662)
Net gains/(loss) from disposal of long-term equity investments	361,353	3,333	(8,278)
Reversal accounts receivable provided for bad debts on an individual basis	–	12,461	80,784
Other non-operating income and expenses other than the above items	139,625	(18,689)	10,756
Other profit/loss items defined as non-recurring profit/loss items	(1,362,915)	18,330	155,860
Effect of income tax	(422,180)	(101,996)	(38,082)
Effect of minority interests (after tax)	150,765	(42,435)	(41,907)
<b>Total</b>	<b>28,240</b>	<b>274,968</b>	<b>335,120</b>

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



Summary of Accounting Data and Financial Indicators

V. ITEMS AT FAIR VALUE

Unit: RMB thousand

	Balance at beginning of the Year	Profit or loss arising from changes in fair value for the Year	Cumulative changes in fair value recognised in equity	Impairment provisions accrued for the Year	Balance at end of the Year
Financial assets:					
1. Financial assets at fair value through profit or loss in the Reporting Period (excluding financial derivatives)	122,171	7,776	-	-	138,072
2. Financial derivatives	30,878	302,439	-	-	326,969
3. Hedging instruments	-	-	80	-	1,306
4. Financial assets available for sales	31,342	-	(3,344)	-	33,244
Total financial assets	184,391	310,215	(3,264)	-	499,591
Investment properties	730,168	75,792	481,051	-	1,752,608
Total	914,559	386,007	477,787	-	2,252,199
Financial liabilities	(306,240)	227,906	-	-	(203,041)
Total	608,319	613,913	477,787	-	2,049,158

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

- Differences in net profits and net assets prepared under International Accounting Standards and CASBE
  - Applicable      Not applicable
- Differences in net profits and net assets prepared under foreign accounting standards and CASBE
  - Applicable      Not applicable
- Reason for differences in accounting data under domestic and foreign accounting standards
  - Applicable      Not applicable

## Chapter III

# Chairman's Statement



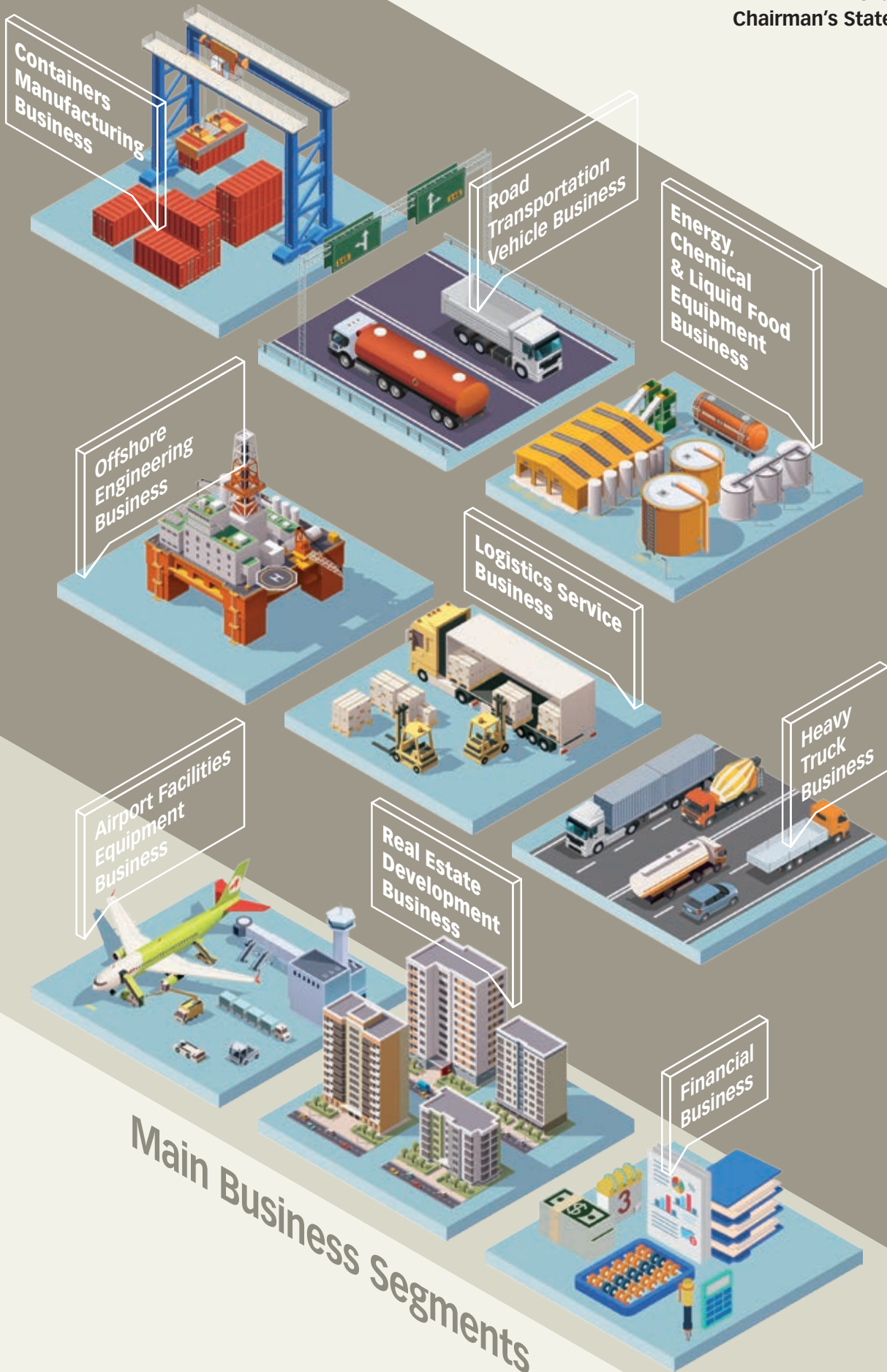
Dear Shareholders,

I am pleased to submit to you the annual report of the Group for the year ended 31 December 2016, and would like to express my sincere gratitude for your long-term support on behalf of the Board.

In the past 2016, the global economy continued with its in-depth adjustment with the international trade stuck in the doldrums overall. The growth patterns of the major economies diverged as the U.S. economy witnessed a strong rebound while that of the Euro Zone remained generally stable, and the emerging markets and developing economies continued to lose pace due to the feeble external demand and appreciation of the U.S. dollars. Affected by the events such as the Brexit, the volatility of the global financial market was intensified. China's economy has slowed down its paces in a state defined as the "New Normal", with its real economy and traditional manufacturing industry under huge pressure of structural adjustment and transformation for an upgrade.

Amid the severe economic situation at home and abroad, the Group's major business segments were all affected to different extents during the Reporting Period, with their annual revenue and profit declining as compared with the same period of the previous year. In the face of the challenges and difficulties arising from the economic transformation and feeble demand, the Group took prompt actions in response and managed to secure stable development of its production and operation by means of, among other things, strategic upgrade and business transformation, adjustment to the production capacity allocation, innovation in technologies and business models and management of operational compliance risks, while vigorously performing its corporate social responsibilities. Details are given as follows:

Chapter III  
Chairman's Statement



Main Business Segments

## Chapter III Chairman's Statement

### OPERATING RESULTS

In 2016, the Group's revenue reached RMB51.112 billion (2015: RMB58.686 billion), representing a year-on-year decrease of 12.91%; the net profit attributable to Shareholders and other equity holders of the Company amounted to RMB0.540 billion (2015: RMB2.027 billion (restated)), representing a year-on-year decrease of 73.37%; and the basic earnings per share amounted to RMB0.14 (2015: RMB0.74 (restated)), representing a year-on-year decrease of 81.08%.

### BUSINESS DEVELOPMENT

In 2016, in the face of the multiple pressure of continuing turmoil in the global market and deceleration of China's economy, the principal business divisions of the Group took on challenges with initiative and made significant breakthrough in such areas as business integration, structural adjustment, technological upgrade, global market penetration and introduction of external funds:

During the Reporting Period, the Group's container manufacturing business witnessed a significant drop in its revenue and profit due to the imbalance between supply and demand in the global shipping market and freight rates remaining at the bottom. The Group adopted the measures such as adjusting production capacity allocation, combining production bases and revising market strategies in a timely manner to proactively conduct business integration. Meanwhile, the Group made good use of the off-season to advance the relocation and construction of its production bases as well as the technical innovation of replacing oil paint with water based paint which is environment-friendly.

During the Reporting Period, the Group's road transportation vehicles business rendered brilliant performance in North America, Europe and China, with globalised operation and management steadily promoted: CIMC Vanguard II Factory in the U.S. commenced production successfully, with nearly 10,000 units added to its annual production capacity; acquisition of the 100% equity interests in Retlan Manufacturing Ltd. in the U.K. completed, further optimising its footprint in the European market; the "lighthouse" plant – advanced parts base in Dongguan, Guangdong, PRC went into operation successfully, further increasing the growth momentum through technological upgrade.

With the rebound of international oil price in 2016, the interest in natural gas as an alternative for oil, and the market demand for natural gas storage and transportation equipment gradually recovered. During the Reporting Period, the principal businesses of the Group's energy, chemical & liquid food equipment business remained stable basically. However, this business segment recorded substantial losses due to the significant impairment provision provided for the termination of the acquisition of SinoPacific Offshore & Engineering Co., Ltd. ("SOE") by CIMC Enric.

In 2016, with the global offshore engineering industry remaining in deep recession in spite of rebound in oil prices, the market demand for offshore engineering equipment was very weak. The Group's offshore engineering business focused on strategic products and proactively explored market potential, with new orders flowing in such new areas as the deep sea fishing, marine tourism, and dismantling and modification of platforms in addition to the traditional oil and gas business. Meanwhile, we introduced the national industrial funds, such as Guotou Advanced Manufacturing Industry Investment Fund (國投先進製造產業投資基金), and the social industrial capital, such as Shenzhen Mangrove Venture Capital Co., Ltd. (深圳紅樹林創業投資有限公司), to optimise our capital structure and enhance our risk prevention capability and overall competitive edge.

During the Reporting Period, the logistics services business of the Group continued to put its development guideline of "equipment changes logistics" into practice while adhering to the four major directions, i.e., equipment logistics, container services, cross-border logistics and multimodal transport and concentrating in forging its two core products, i.e. logistics equipment and logistics services. During the year, it opened up a number of railway container lines including East China-Southwest, South China-Southwest and East China-Northwest as well as distinctive transport lines such as the "U.S.-China-Mongolia/Russia" rail-sea intermodal transport line.

## Chapter III Chairman's Statement

During the Reporting Period, benefiting from domestic consumption upgrade, increase in infrastructure investment as well as the new national standard GB1589 and the government's policy on rectification of vehicle overload, the domestic heavy truck industry recovered and the Group's heavy truck business focused on developing marketable products with market demands and regional popularity, such as high-horsepower tractors, hazardous chemical transport vehicles and urban muck trucks, resulting in a significant year-on-year revenue growth.

During the Reporting Period, the Group's airport facilities business recorded a better growth in revenue and profit. The boarding bridge business won all the contracts for the projects they had tendered for in China, with the market shares of the airport shuttle bus and food vehicles growing steadily; the fire and rescue vehicle business and automated logistics systems business continued to grow and the stereo bus garage business recorded a rapid growth.

During the Reporting Period, the real estate business of the Group recorded a good development momentum overall. Our industry park development and operation business continued to make steady progress, with the promotion of the Group's CIMC Intelligence Valley Project (Phase I) located in Songshan Lake, Dongguan, completed during the year, which has been acknowledged as the National Technological Enterprise Incubator by the Torch Plan Centre under the Ministry of Science and Technology.

During the Reporting Period, the Group's financial business continued to carry out its strategic deployment of integration of industry and finance during the year, aiming to support the Group's global integrated operations. CIMC Finance Company was approved by the People's Bank of China as the host to operate the CIMC Cross-Border Bilateral RMB Cash Pooling Business during the year, which further optimised the Group's global capital management system. CIMC Financial Leasing Company continued to strengthen the integration of

industry and finance for the business segments of the Group, with increased investment in the short-cycle & low-risk business. The Group focused on the financing demand of big strategic customers and provided them with diversified, dynamic and integrated financial solutions.

In respect of the other operations, during the Reporting Period, the revenue of the Group's modular building business increased significantly as it won the contract for the Newcastle University Student Flat Project, U.K.'s biggest student flat project, securing its position as one of the main suppliers in the flat market in Britain. The modular building business also completed the technical certification process in California, laying a solid foundation for penetrating the U.S. market. The Group's multimodal transport business launched the Jiangmen-Xi'an special line and Guangzhou-Xi'an container line during the year, and carried out the transport of bulk goods and railway transport of special cargo (such as coke and food) with self-purchased open-top containers and tank containers, achieving a smooth start.

### MANAGEMENT REFORMS AND DEVELOPMENT STRATEGIES

In 2016, the Group continued to advance its business transformation and upgrading and transformation of its management model. With "manufacturing + service + finance" as its strategic positioning, the Group has formed an industry structure spanning the two major areas, i.e. logistics and energy, and determined the main business sectors with established industry-leading advantages and good development prospects while exploring and deploying in the emerging industries which will help us to exert our advantages. It possessed the core and professional management team able to undertake the strategic management and business operation of various business sectors.

## Chapter III Chairman's Statement

In respect of management model, the Group has made adjustments to the level-based 5S Management System and strengthened the evaluation and appraisal of the mechanisms and processes such as strategic planning, management reporting, operating results, and internal control audit, thus ensuring the effective progress of the Group's overall strategy. In respect of management of refined manufacturing capabilities, the Group's refined ONE Model of "continuous improvement, relentless determination" continued to extend to both ends of the value chain from the manufacturing site, with a focus on the improvement on comprehensive criteria, i.e., delivery cycle, inventory and efficiency. In respect of advancing of the diversified ownership reform, the Group completed the additional H Share issue at the end of 2015 and key management and employees participated in subscription, through which the long-term interests binding mechanism was realised, resulting in further implementation of our culture of "people-oriented and mutual business", laying a solid foundation for the Group's long-term development.

The year 2016 is the opening year for China's 13th Five-Year Planning. The Group responded actively to the state strategies of the "Belt and Road" and "Made in China 2025 Planning", and conducted research and exploration on various areas including intelligent manufacturing, Industry 4.0 and logistics equipment automatic processing system. The Group's achievements in the development of globalisation and the concept of "the world's local CIMC (全球營運、地方智慧)," also met with recognition of the market and investors. During the year, the Group entered into strategic cooperation with distinguished enterprises such as Baowu Steel, Sinopec, Hilton Hotel group, ProLogis and Country Garden, introducing national industrial funds and social capital to enhance its capital strength, laying a solid foundation for the Group's growth with better quality in the future.

### CORPORATE GOVERNANCE

In 2016, the Company proactively completed the events such as various governance inspection and system construction on schedule and continued to establish and optimise its risk management structure while enhancing its corporate governance system and improving its standardised operation in compliance with the requirements of laws and regulations, including the PRC Company Law, PRC Securities Law, Corporate Governance Guidelines for Listed Companies, as well as the standards for the corporate governance of listed companies by CSRC Shenzhen Bureau, Shenzhen Stock Exchange and the Hong Kong Stock Exchange. In 2016, as the rotating chairman unit, the Company successfully chaired the 2016 annual meeting of China Enterprise Anti-Fraud Alliance.

### CORPORATE SOCIAL RESPONSIBILITY

In 2016, following the vision and strategy of corporate social responsibility, and upholding the sustainable development featuring safety, environmental protection and green concepts, the Group has taken sustained and effective measures and actions, and assumed more social responsibilities, striving to become an eco-enterprise capable of coordinating all stakeholders for a balanced development. We have achieved improvements and progress in science development, new industrialisation, fair operations, environmental conservation, production safety, rights and interests of customers and consumers, win-win cooperation, employee relations, community involvement and development. In 2016, the Company was awarded as the "Five-star Enterprises in Discharging Social Responsibility among Industrial Sector in China" selected by the China Federation of Industrial Economics; Mr. Mai Boliang, CEO and president of the Company, was elected as one of China's 50 Most Influential Business Leaders.

### DIVIDEND DISTRIBUTION

Based on the Group's 2016 operating results and taking into full account the Group's overall financial position, the Board recommended a final dividend of RMB0.06 per share (including applicable taxes) for the year of 2016. The proposed dividend is expected to be payable on or around 20 July 2017. The annual dividend distribution plan for 2016 shall be submitted to the Company's Shareholders' meeting for consideration.

Chapter III  
Chairman's Statement**FUTURE PROSPECTS**

Looking ahead to 2017, the global economic growth is expected to turn to the bright side. The U.S. economic recovery trend will be increasingly clear; the U.S. Dollars has entered interest increase channel; the economies of Europe and Japan were constantly improving. China will further deepen and strengthen its supply-side structural reform, as a result of which its economy is expected to take a rebound. However, uncertainties and risks brought over by the trade protectionism and deglobalisation measures adopted by the new president of the United States Trump after he taking command as well as the gradual tightening of global financial conditions have posed significant threats and challenges on the growth of the world economy and the recovery of the international trade.

It is expected that, in 2017, the operating condition of global shipping industry will witness a notable improvement following self-adjustment; the trade volume of container transport will take a rebound and the demand for containers will remarkably rally as compared with 2016, all of which is conducive to the rally of the container manufacturing business of the Group. With the continued economic recovery in Europe and U.S. and the increased demand for vehicles brought by the domestic policies for road optimisation on overloading, the Group's road transportation vehicle and heavy truck business will have room for sustained growth. The "Thirteenth Five Year" Plan on Energy Development (《能源發展"十三五"規劃》) issued by the National Energy Administration sets out the target of natural gas consumption accounting for 10% of primary energy consumption in 2020 (2015: 5.9%). The Natural Gas Development Report of China (2016) (《中國天然氣發展報告(2016年)》) jointly issued by the Oil and Gas Department of the National Energy Administration (國家能源局油氣司) and other ministries and departments, raises a series of policies for promoting the use of natural gas. In the 2017 Government Work Report, it is first advocated to use clean energy vehicles. The energy, chemical and liquid food equipment business of the Group is positioned for more favourable policy environment, and its long-term development prospect is still promising. In 2016, global oil price has witnessed a relatively substantial rebound and the global offshore equipment industry is seeing off its worst times. Although investment in global offshore oil and

gas exploration and development is difficult to recover rapidly in the short term, the Group's traditional offshore platform fabrication business will remain under pressure, however, the market is showing signs of recovery. Going forward, the market demand for our offshore engineering equipment business in the offshore wind power field, marine engineering vessels and platform dismantling is expected to gradually set off. In 2017, benefiting from the implementation of China's various opening-up policies, the logistics service business of the Group is expected to embrace larger market demand and broader room for development. With the investment in domestic airport construction on the rise and opportunity for entering the North American market around the corner, the domestic and overseas markets of the Group's airport equipment business promise great opportunities for development, and the automated warehousing and logistics rapid sorting business is expected to make significant breakthrough.

In 2017, facing the more complex global economic and financial situation, the Group will adhere to its strategy of "manufacturing + service + finance", and continue to determinedly promote the transformation and upgrading of its business, stay customer-oriented, and extend its reach from manufacturing to service, aiming to provide comprehensive solutions with life-cycle products. The Group will continue to increase its capability of global operation, optimise its business and assets, speed up the industrial integration and foster the industrial chain. In respect of technology upgrade, business model and management mechanism, it will keep innovation with risks controlled. It will strive to capture market changes and conduct its deployment in emerging and innovative industries while continuing to develop its existing business. The Group will uphold its cultural philosophy of "people-oriented and mutual business" and the faith in made-in-China, maintain a stronger sense of risk, and have its entire people united to achieve sustained "quality growth" and enhance its Shareholders' value.

**Wang Hong**  
*Chairman*  
Shenzhen, the PRC  
March 2017



# Container Manufacturing Business





## Chapter IV

# Report of the Board

### I. BUSINESS SUMMARY

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

During the Reporting Period, there was no material change in the principal business model of the Group. During the Reporting Period, the products and businesses contributing 10% or more to the Group's revenue included container manufacturing, road transportation vehicles, energy, chemical and liquid food equipment and logistics services business.

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

#### 1. Overview

In 2016, the global economic situation was complicated and the financial market remained volatile. In the first half, the weak global economy in 2015 continued in 2016, with the international trade and investment remaining in the doldrums. Starting from the second half, with the improvement on economic activities in the U.S., the prices of crude oil and commodities rebounded. The U.S. dollars entered into the rate increase cycle. The economy in the Eurozone basically held stable. The economic growth of Japan improved somewhat. However, affected by the weak external demand, U.S. dollars appreciation and other factors, the emerging markets and developing economies saw their economic growth slow down. In 2016, China's economic growth, under the "New Normal", continued to slow down and the downward pressure on the traditional manufacturing industry remained unchanged. Under the influence of policies including supply-side structural reform and moderate expansion in aggregate social demand implemented by China, GDP growth remained at 6.7% during the year.

During the Reporting Period, the Group's revenue amounted to RMB51.112 billion (2015: RMB58.686 billion), representing a year-on-year decrease of 12.91%, and its net profit attributable to Shareholders and other equity holders of the Company amounted to RMB540 million (2015: RMB2.027 billion (restated)), representing a year-on-year decrease of 73.37%. Its basic earnings per share was RMB0.14 (2015: RMB0.74 (restated)), representing a year-on-year decrease of 81.08%. Among the Group's principal businesses, affected by market downturn, the revenue of container business and offshore engineering business slumped sharply; the road vehicle business, airport facilities equipment business and financial business achieved relatively fast growth in their revenues; the energy, chemical and liquid food equipment business remained basically stable, but recorded substantial losses in its profit due to the significant impairment provision provided for the termination of the acquisition of SOE; the logistics service business remained basically stable; improvement on the heavy truck business continued; and revenues from the real estate business declined due to the areas available for sales decreased during the Reporting Period.

Chapter IV  
Report of the Board

## Consolidated Operating Results

Unit: RMB thousand

	2016	2015 (Restated)	Percentage change
Revenue	51,111,652	58,685,804	(12.91%)
Operating profit	800,538	3,039,854	(73.67%)
Net profit attributable to Shareholders and other equity holders of the Company	539,660	2,026,613	(73.37%)
Net cash flows from operating activities	2,341,619	(3,610,223)	164.86%
Net increase in cash and cash equivalents	3,079,544	323,872	850.85%

## 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. The special reefers mainly includes 53-foot inland North American containers, European wide containers, bulk containers, special reefer containers, foldable containers and other products. During the Reporting Period, the Group remained at top No. 1 in terms of output and sales of containers in the industry.

In 2016, impacted by the frail economic growth and the sluggish trade market globally, the supply and demand of the shipping market became imbalanced and the shipping prices kept falling, which made the entire shipping industry stuck in operating losses. Meanwhile, a number of shipping companies engaged themselves in mergers, acquisitions and reorganisations during the past two years, which delayed their capital investments and purchase of new containers. All of the above factors contributed to the decrease in market demand for containers and the decline in selling prices of containers for most of the time in 2016. Yet, the container business develops its own demands and cyclical effect. After an accumulation of previous flat demand and thanks to the tightened container liquidity resulting from the bankruptcy protection incident of Hanjin Shipping in the late third quarter of 2016, the container demand saw greater improvement from the fourth quarter of 2016. All in all, affected by the market downturn in the first three quarters, the overall output of the container manufacturing industry fell sharply throughout the year of 2016, and the industry competition intensified.

A series of environmental protection laws and regulations and action plans including the new Law on the Prevention and Control of Atmospheric Pollution were newly enacted, promulgated and implemented in China in 2016, which brought not only pressure in environmental protection to China's traditional manufacturing industries such as the container manufacturing industry, but also opportunities for their transformation and upgrading. The application and promotion of environment-friendly technologies or materials, including water-based paint, solvent recovery, and environmental protection floor etc., will be accelerated in the container industry. In particular, China Container Industry Association signed the "China Container Industry Association VOCs Governance Self-Discipline Convention" (《中國集裝箱行業協會VOCs治理自律公約》) in Shanghai in March 2016. On 1 July 2016, the Group and other major domestic container manufacturers took the initiative in practising the self-discipline requirement regarding application of water-based and environmental-friendly paint in Guangdong. A nationwide promotion was set to be carried out on 1 April 2017.

## Chapter IV

### Report of the Board

During the Reporting Period, the Group recorded a sharp decline in orders of its container business in a weak market and its revenue and net profit substantially decreased, of which, the total sales of ordinary dry containers were 587,300 TEUs (2015: 1,120,300 TEUs), representing a year-on-year decrease of 47.58%. The total sales of reefer containers were 79,700 TEUs (2015: 181,400 TEUs), representing a year-on-year decrease of 56.06%. The container business recorded revenue of RMB11.067 billion (2015: RMB21.071 billion), representing a year-on-year decrease of 47.48%, and the net profit was RMB363 million (2015: RMB996 million), representing a year-on-year decrease of 63.51%. The ordinary dry containers achieved sales revenue of RMB5.691 billion (2015: RMB11.386 billion), representing a year-on-year decrease of 50.02%; reefer containers achieved sales revenue of RMB2.236 billion (2015: RMB5.168 billion), representing a year-on-year decrease of 56.73%; special reefers achieved sales revenue of RMB3.553 billion (2015: RMB4.491 billion), representing a year-on-year decrease of 20.89%.

In 2016, in the face of the critical situation of a weak demand for container business and a relative surplus of supply, the Group proactively adopted various corresponding measures such as adjusting capacity arrangement, combining production bases and exploring for cross-district staff deployment to optimise capacity allocation and rationalise marketing strategies, which efficiently improved the capacity utilisation rate and the profit margin. During the Reporting Period, investments of the container business of the Group were carried out normally as planned: the container production base relocation project of the Group in Dongguan Fenggang was still progressing in an orderly way, yet the schedule got delayed slightly due to the land conditions not ready for commencing construction after its tendering, auction or listing procedures; Qingdao cold chain industry park relocation project was in good progress; relocation of the production lines for reefer containers and special reefer containers has already been completed and the new production lines have been put into operation as planned. At the same time, the Group completed technology transformation for part of the container production lines in regard to the application of water-based paint during the production off-season. During the year, Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd., a subsidiary of the Group, researched and produced the largest container in the world, succeeding in helping the smooth lift-off of “Long March” series launch vehicles.

In December 2016, Shanghai CIMC Reefer Containers Co., Ltd. (“Shanghai CIMC Reefer”), a non-wholly-owned subsidiary of the Group, entered into a compensation agreement with Shanghai Baoshan Land Reserve Centre in respect of land, the buildings, the equipment and auxiliary facilities thereon located at No. 6888, Hutai Road, Baoshan District, Shanghai with a site area of 290.55 mu. This was beneficial for the Group to capitalise on the opportunities from urban development, upgrade and reconstruction and realise the commercial values of its existing resources so as to increase its overall benefit and return to its shareholders. The existing business of Shanghai CIMC Reefer was undertaken for operation by CIMC Taicang Refrigeration Equipment Logistics Co., Ltd., a wholly-owned subsidiary of the Group.

#### Road Transportation Vehicle Business

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

## Chapter IV Report of the Board

In 2016, the global economic growth was diversified. The demand for semi-trailers remained high in the North American market. The European market has started to revive since 2013, and due to the effect of the Brexit on transnational trade and investment, the European market was gradually going regionalisation. Performance of the commodity market in emerging markets varied under the influence of the global economic weakness. Driven by the implementation of the new national policy of GB1589 in relation to the limits of dimensions, axle load and masses for road vehicles and the joint campaign of the Ministry of Public Security and the Traffic Management Bureau against overloading of road freight vehicles, China's semi-trailer market shortened its product replacement cycle to speed up the transformation of domestic logistics semi-trailers towards lightweight, which efficiently eased the pressure of demand decline in the short term.

During the Reporting Period, the Group's road transportation vehicle business realised an all-round growth. During the year, the total sales were 123,100 units (sets) (2015: 113,900 units (sets)), representing a year-on-year increase of 8.08%. The sales revenue was RMB14.695 billion (2015: RMB12.862 billion), representing a year-on-year increase of 14.25%. The net profit was RMB767 million (2015: RMB572 million), representing a year-on-year increase of 33.97%.

During the Reporting Period, the growth of the road transportation vehicle business of the Group in North America, Europe and China was outstanding, while the emerging markets, affected by factors such as global commodity prices and exchange rates, recorded a business decline. The road transportation vehicle business of CIMC Vehicle (Group) Co., Ltd. made targeted deployments according to the trend of changes of its major markets and continued to promote the global operation management steadily. While strengthening its existing business, it focused on exploring the incremental business and the innovation business and making investments in terms of technological upgrading and marketing network construction.

In respect of the domestic market: the Group fully stimulated the enterprise vitality, grasped the hotspots and opportunities in market segments in time and enlarged marketing strength and scope. Affected by the implementation of the amendment to GB1589 and the state's strict governance against overloading, the logistics semi-trailers of the Group achieved a considerable year-on-year growth in terms of sales volume in 2016, among which, the sales volume of tank trucks increased by nearly 90% as compared with the same period of 2015.

In respect of overseas markets: (1) in the North American market, the Group capitalised on the market opportunities arising from the U.S. economic recovery, and successfully put the CIMC Vanguard II factory into production, increasing the annual production capacity by nearly 10,000 units, as a result, net profit recorded a significant growth in the North American market in 2016; (2) in the European market, the Group fully played the role of global operation system. The Group finished the acquisition of 100% equity of Retlan Manufacturing Ltd., a leader in Britain trailer market, and the Group officially put its factory in Poland into operation. It will keep on deploying on an ongoing basis to enhance the growth momentum in the future; (3) in the emerging markets, under the influence of the volatile commodity market and political condition in the global economy, the business saw a decline in 2016. In the future, the emphasis will be put on the operation of overseas presence of emerging markets and the global exploration for business cooperation opportunities with new partners, in an effort to develop diversified marketing channels and provide the market with high-quality CIMC Vehicle (Group) products and services, laying a foundation for market recovery.

During the Reporting Period, the advanced components and parts manufacturing base, a factory under the "lighthouse" project of CIMC Vehicle (Group) Co., Ltd. in Dongguan, Guangdong province, was put into production smoothly, which comprehensively accelerated business process optimisation and numeral-oriented upgrade, and put emphasis on materialisation of the lightweight, safe and environmental protection product concepts.

## Chapter IV

### Report of the Board

#### Energy, Chemical and Liquid Food Equipment Business

The Group's subsidiary CIMC Enric is principally engaged in design, development, manufacturing, engineering and sales of various transportation, storage and processing equipment widely used in three sectors, namely energy, chemical and liquid food 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、全球運營)" based on its production bases located in China and Europe.

In 2016, as the oil price in the international market began to rise after it reached the bottom, and using natural gas as an alternative fuel to replace oil regained its attraction, the scale of coastal exported nature gas was expanded and market demand for natural gas storage and transportation equipment gradually increased. The average price of some natural gas equipment and chemical equipment (including standard tank containers and special tank containers etc.) fell due to adjustments on the prices of materials such as steel and intensified market competition. In 2016, the principal businesses of the Group's energy, chemical and liquid food equipment sector basically maintained stable. Affected by the termination of the acquisition of SOE and the significant provision made by CIMC Enric for such termination, the net profit of this business segment recorded a significant loss.

During the Reporting Period, the energy, chemical and liquid food equipment business of the Group recorded revenue of RMB9,354 million (2015: RMB9,305 million), representing a year-on-year increase of 0.52%. The net loss was RMB893 million (profit in 2015: RMB475 million), representing a substantial year-on-year loss. The revenue from the energy equipment business under the three main business segments of CIMC Enric was RMB3,241 million (2015: RMB3,397 million), representing a year-on-year decrease of 4.59%; the revenue from the chemical equipment business was RMB2,472 million (2015: RMB2,710 million), representing a year-on-year decrease of 8.78%; and the revenue from the liquid food equipment business was RMB2,255 million (2015: RMB2,135 million), representing a year-on-year increase of 5.62%.

Against the tough market environment, CIMC Enric focused on the improvement of its core competitiveness based on organic growth and continual innovation and strengthened the integration of enterprises that were newly acquired through mergers and acquisitions. CIMC Enric will improve the productivity of its existing business and reduce the costs incurred by such business through optimising connotation. Meanwhile, CIMC Enric will explore new business and growth drivers leveraging on the establishment of project companies, technical innovation and new business models. In addition, CIMC Enric will put more efforts on the development of overseas markets to achieve the sustainable development of its income.

During the Reporting Period, the energy equipment segment of CIMC Enric was committed to increasing its market share of the core products in the PRC and further improving the production efficiency through production technique improvement, continuous development and improvement of products and procurement control. Meanwhile, such segment proactively explored new businesses and conducted several successful R&D projects during the year, such as CNG transport ships and the supporting mother-daughter stations, which was the first in the world, composite plate spherical tanks, small- and medium-sized natural gas liquefaction skid-mount devices, full containment tank for low-temperature concrete, nuclear fuel transportation and R&D of key system equipment, of which some new products have been launched to market. Besides, the segment was also committed to constant product innovation and overseas market deployment.

## Chapter IV Report of the Board

The chemical equipment segment was committed to the provision of chemical logistics solution, with a view to providing one-stop services for industrial gas and liquid chemical industrial gas consumers, and the R&D of different types of tank containers. During the year, the segment conducted various R&D projects. For example, it successfully developed the new internationalised high-performance 40-foot LNG tank containers and the internationally universal low-temperature 20-foot tank containers, conducted R&D in relation to the pilot project of LNG tank container-based sea and land intermodal transportation and developed the safety standard system for LNG tank container waterway transportation. Besides, the segment was also committed to the R&D of tank container-based internet-of-things technologies, with a view to providing relevant monitoring and management platforms and integrated solutions with one-stop services for the industry chain of chemical logistics.

In respect of the liquid food equipment business segment, during the year, CIMC Enric completed the acquisition of the entire equity interests in Briggs Group Limited. Briggs Group Limited has operations in the United Kingdom and the United States and is primarily engaged in engineering, process engineering and sale of equipment and process control systems in the brewing, beverage, distilling food, pharmaceuticals and bio-fuel industries, as well as project management and consulting services. The business of Briggs was complementary to the existing business of CIMC Enric's liquid food equipment segment, which improved the processing capacity of CIMC Enric in relation to a number of brewing, pharmaceuticals and distilling process and design technologies. Since then, the liquid food equipment business of CIMC Enric has owned two main brands that are "Ziemann Holvrieka" and "Briggs" and high-level beer production equipment and technical capacity, and has been able to provide engineering services and systemic solutions to the liquid food industry. This segment will continue to introduce advanced production technologies and automated processing technologies from Europe to China and with the high-level beer production equipment, technologies and technical capacity, develop toward vertically integrated EPC contracting and horizontal diversification.

On 1 June 2016, CIMC Enric announced that it terminated the acquisition of 100% equity interest in SOE and the provision of financial assistance to SOE due to the breach of certain material terms set out in the relevant agreements by SOEG PTE LTD, Jiangsu Pacific Shipbuilding Group Co., Ltd. and Evergreen Group Co., Ltd. (collectively, the "Vendors"), and requested the Vendors to refund the prepaid consideration of RMB178,634,000 and SOE to return the loan of RMB482,052,000 and the guarantee of bank loan of RMB1,000,000,000. Currently, SOE is in the process of bankruptcy and reorganisation. Based on the negotiation with the Vendors and the knowledge on the financial positions of the Vendors and SOE and after a comprehensive and careful assessment on the impairment risks and collectability of the amount receivables, CIMC Enric made impairment provision of RMB1,362,915,000 in total for the amounts due from the Vendors and SOE in 2016. Such impairment provision was also included into the consolidated financial report of the Company for 2016. The above termination and provision will not affect the normal business operation of CIMC Enric and the Group. The Company will pay close attention to the progress of such matters and adopt appropriate measures to protect the legal interests of the Company and its Shareholders.

### Offshore Engineering Business

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

## Chapter IV

### Report of the Board

In 2016, the price of the international crude oil bounced back gradually from its bottom low at the beginning of the year, and reached more than US\$50/barrel at the end of the year. However, as the factors that caused the supply disruption gradually subsided, and the US dollar index resumed its uptrend, it's expected that the oil price will be remained at below US\$80/barrel in the next 3-5 years. As impacted by the continuous low oil price, the investment in respect of global oil and gas exploration and development in 2016 further deceased by nearly 30% as compared to 2015. Due to the significant decline in international oil price in 2014, many oil companies have chosen budget cuts, and demand for various kinds of offshore engineering equipment has been decreasing, all of which reflecting that the global offshore engineering equipment industry has entered into a period of the most severe recession ever since more than ten year ago. Currently, the utilisation of global drilling equipment is lower than 50%; daily rentals of global drilling equipment remains at a level that just covers or is even lower than operation costs. Against this backdrop, international oilfield service companies and drilling equipment constructors suffer from losses, causing mergers and acquisitions and integration among drilling equipment companies continuously arises, also indicating that the offshore engineering equipment market has basically bottomed and the industry is seeing off its worst time.

Recently, the Chinese government has implemented a series of policies and initiatives, with an aim to facilitating the development of and the capability improvement of offshore engineering equipment manufacturing industry of China. In 2015, the "Made in China 2025" of the State Council of China designated the offshore engineering equipment industry as one of the ten areas with key development. In June 2016, under the leadership and sponsorship of NDRC, Ministry of Finance and Ministry of Industry and Information Technology, China Advanced Manufacturing Industry Investment Fund ("Advanced Manufacturing Industry Investment Fund") was established, focusing on investing in major projects in respect of advanced manufacturing industries, upgrade of traditional industries and deployment of industries. In January 2017, five departments including, among others, Ministry of Industry and Information Technology of China, jointly issued "Shipbuilding Industry Deepening Structural Adjustment and Accelerating Transformation and Upgrade Action Plan (2016-2020)", which further specified the key task, development target and relevant supporting measures of the offshore engineering equipment industry of China in the "13th Five Year Plan" period.

In the hard time of global offshore engineering industry, CIMC Raffles saw its revenue sharply drop and recorded a year-on-year increase in operating losses. During the Report Period, the offshore engineering business of the Group recorded a sales revenue of RMB4,306 million (2015: RMB7,957 million), representing a year-on-year decrease of 45.89%; and also, a loss of RMB213 million (2015: a loss of RMB12 million) was recorded, representing a significant year-on-year increase.

In the face of the austere market environment, CIMC Raffles focused on strategic products, proactively explored market potential and expanded new businesses. By the end of 2016, the total contract amounts of CIMC Raffles' orders in hand approached approximately US\$4.0 billion and the business scope of CIMC Raffles expanded from the traditional oil and gas business to new areas including deep sea fishery, deep sea tourism and platform disassembly and modification. The newly effective orders in 2016 with contract amounts of US\$600 million were not only in relation to the project lease in the South China Sea of CNPC Offshore Engineering Company Limited under the D90 Project and the platform for "HYSY 162" Project which involved the traditional oil and gas market, but also in relation to the jack-up marine ranching platform which involved the deep sea fishery market, the TML broken-up vessel which involved the platform disassembly market, the orders for the cruise named Xunxianhao and themed sightseeing cruise which involved the marine tourism market and the 5-year special inspection project contract for "HYSY 981" which involved the platform reconstruction market.



## Chapter IV Report of the Board

As for platform construction and delivery, the test platform for “HYSY 162” Project of CNOOC Energy Technology & Services Limited (中海油能源發展股份有限公司) commenced construction in March 2016. CIMC Raffles completed the 5-year special inspection for two semi-submersible drilling platforms of Gazprom in April. H293 jack-up drilling platform was granted with the ABS certificate of the United States in the same month. H270 GM4D 1# semi-submersible drilling platform was granted with such certificate in July, and CIMC “Blue Whale No.1 (藍鯨1號)”, the most advanced ultra-deepwater dual-rig semi-submersible drilling platform in the world, was certified by Det Norske Veritas in December. In addition, other projects under construction were also carried out on schedule in an orderly way, with major platforms under construction expected to be completed or delivered in 2017.

As for R&D and design, the Group owned four design companies, namely Bassoe Technology, Brevik Engineering, Ocean Engineering Design & Research Institute of CIMC and Yantai CIMC Marine Engineering Academe, which located in Sweden, Norway, Shanghai and Yantai respectively, and functioned as the technology innovation platform to integrate famous representatives from the Classification Society, like U.S. ABS, Norway DNV and China CCS etc., to lay a foundation for project R&D. Currently, the focus is mainly on advancing the subject of the 7th-generation ultra-deepwater platforms and BT300/350/450, in particular, diversifying the design of ship models in respect of yachts and cruise ships, wind power installation, floating production storage and offloading units (FPSO) and marine ranching, in order to procure potential orders. In May 2016, CIMC Raffles obtained the “First Prize of Science and Technology Awards of Offshore Engineering” from China Association of Oceanic Engineering; in June, CIMC Offshore Engineering was approved to establish a “national engineering laboratory of general assembly research and development of offshore engineering”.

During the Reporting Period, the Group proactively cooperated with national industry fund and social industry capital to improve the capital strength and industry position of the Group’s offshore engineering business through introducing external capitals. In December 2016, Future Industry Investment Fund proposed to make a capital contribution to CIMC Offshore, a subsidiary of the Group, in US\$ equivalent to RMB1.0 billion and obtained its 15% equity interests. The capital increase shows that as a superior enterprise in the area of offshore engineering general assembly construction, CIMC Raffles obtained national industry fund’s direct support; At the end of December 2016, the Company’s wholly-owned subsidiaries CIMC Offshore Engineering, CIMC Qianhai Leasing and Tianjin Yongwang Machinery and Equipment Rental Co., Ltd. (天津永旺機械設備租賃有限公司) (“Tianjin Yongwang”) entered into a partnership agreement, a cooperation agreement and a capital increase agreement with social capital such as Shenzhen Mangrove Venture Capital Co., Ltd. (深圳紅樹林創業投資有限公司), introducing external capital to jointly build and operate a D901# deepwater semi-submersible drilling platform and a CR600 deepwater semi-submersible living platform, which effectively reduced the debt ratio and finance burden of the offshore engineering business of the Group.

### Logistics Service Business

With the development ideas of “equipment changes logistics”, the Group’s logistics service business took full advantage of the core advantage of logistics equipment, focused on four key business development directions of equipment logistics, systemic container services, cross-border logistics and multimodal transport through an established global logistics network layout, and created two core products of logistics equipment and logistics services, thus providing integrated logistics solutions with CIMC characteristics. After the integration completed in 2016, the logistics service business of the Group are currently divided into four business lines, i.e. container services, project logistics, equipment logistics and industry logistics. The Group has established CIMC Logistics Equipment and Technologies Research Institute to provide equipment research support and technical services to the development of its business lines.

## Chapter IV

### Report of the Board

In 2016, the logistics industry in China generally maintained stable with quality improved. The logistics industry was focusing on integration, and logistics enterprises actively explored the network building along the “Yangtze River Economic Belt” and the “Belt and Road”. Merger and restructuring and alliance and cooperation between enterprises were deepening, with cross-sector and platform integration emerging. Meanwhile, “Intelligent logistics” which was marked by “internet plus” efficient logistics accelerated its development, witnessed by the establishment of professional and vertical logistics platforms with the integration of online and offline services.

In 2016, the Group’s logistics service business recorded sales revenue of RMB7.129 billion (2015: RMB7.800 billion), representing a year-on-year decrease of 8.60%. It achieved net profit of RMB359 million (2015: RMB101 million), representing a year-on-year increase of 255.93%. The increase in net profit was mainly due to the income from disposal of equity interests in subsidiaries.

During the year, guiding by the overall strategies of the logistics segment and the strategies of its business lines, the Group’s logistics service business lines focused on development, achieving solid and steady growth.

- In respect of the container services business line, during the Reporting Period, the development strategies of four major products, i.e. container full-life circle services, leasing and sales of second-hand containers, rail-water transport and sea transport platform, during the “13th Five-Year Plan” period have been established, and the network distribution of container yards in Southeast Asia and tank container yards has been speeded up. The Group has jointly established CIMC Kaitong Logistics Development Co., Ltd., a core enterprise along the Yangtze River Basin. Several special container railway lines from East China to Southwest, from South China to Southwest and from East China to Northwest were opened in succession and were operated in a normal manner, improving the rail-water transport systems based on the Yangtze River.
- In respect of the project logistics business line, we proactively explored market opportunities arising from the implementation of the “Belt and Road” strategy of the state. The “engineering project logistics” and “cross-border multimodal transport” were identified as its core products. “Zhenhua Logistics (振華物流)” and “Sino-Worlink (中世運)”, two industry-renowned brands, were strengthened and the project logistics business was expanded. In early 2016, World Railway Special Cargo (Beijing) International Logistics Co., Ltd. (世鐵特貨(北京)國際物流有限公司), which was jointly established by Sino-Worlink (Beijing) International Logistics Co., Ltd. (中世運(北京)國際物流有限公司), a subsidiary of the Group, and China Railway Special Cargo Services Co., Ltd., opened the “America-China-Mongolia/Russia” sea-railway transport special line, innovating distinct products in their respective niche markets by way of railway carriages and special transport vehicles + ro-ro ships. In the second half of 2016, it launched a “Yingkou-Manzhouli-Russia” cold chain transportation special railway line, applying revolutionary BX1K reefer flat car for railway transportation to meet the international cold chain transportation needs for areas along the railway.
- In respect of the equipment logistics business line, under the business mode of “equipment changes logistics”, we focused on automobile, food, energy, chemical, metallurgy, cold chain, real estate, grain and other industries to provide “equipment changes logistics” solutions. Originally high-quality businesses such as manufacturing of logistics equipment including pallet containers, and solutions for stainless steel IBC (applicable in the packaging of specialised chemicals) steadily developed. At the same time, we proactively promoted the development of steel logistics and fine minerals logistics and the innovative development of energy transportation business.

## Chapter IV Report of the Board

- In respect of the industry logistics business line, we focused on industries and areas such as food, automobile, refined oil product and LNG, fostered and developed logistics value-added business, explored the multimodal transport model of logistics of automobiles before production and built the supply model of parts of automobiles integrating roads, railways and shipping etc. We also expanded the sales business scope of sales of oil products, wholesale and small delivery, boosted LNG tank transportation, followed design of the entire logistics clearing solution and continued to make innovation on the business mode of “traditional business + equipment + internet”.

### Heavy Truck Business

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

In 2016, driven by accumulative effects released by the policy of maintaining stable growth, consumption upgrading and the implementation of new standard GB1589 and the policy of strict control of overload in China during the economic restructuring carried out by China in the “New Normal”, the domestic heavy truck industry recovered; road transportation products such as high-horsepower tractor and coal, hazardous chemical, express delivery and transportation, cold chain and artery segment markets achieved fast growth; and demands for engineering vehicles such as muck trucks and sandstone transportation vehicles declining drastically for the past two years also recovered.

In 2016, C&C Trucks solidly promoted all tasks through constantly adjusting its management thoughts. A total of 5,108 N3 heavy trucks (12 tonnes and above) were manufactured, representing a year-on-year increase of 22%, with actually accumulative sales of 6,028, representing a year-on-year increase of 82%. During the Reporting Period, C&C Trucks recorded sales revenue of RMB1,726 million (2015: RMB856 million), representing a year-on-year increase of 101.50%, and its operation recorded a decrease in the loss.

In respect of the domestic market, in 2016, C&C Trucks adjusted and optimised its products continually according to the “market-oriented” concept. It focused on market demand and main products in the region, and introduced marketable products such as high-horsepower tractor, hazardous chemical transportation vehicles and urban muck trucks. Product quality and modular design ability were improved and the percentage of common parts and components was increased. It spared no effort to carry out lightweight work in which the market was interested and strived to create products with high performance-price ratio through promoting cost reduction by commerce and technology. The vehicles delivery capacity was comprehensively enhanced. As for the production system, C&C Trucks integrated its logistics resources, optimised production processes and enhanced the efficiency in all aspects, and at the same time, its production model was changed to a flexible work system, enabling the flexible production arrangements according to market conditions and the distribution mechanism was improved, which greatly strengthened employees’ enthusiasm. Marketing management was adjusted and optimised based on the “market-oriented” concept. As for front-line employees, C&C Trucks adjusted its management mechanism and increased the control of the persons in charge for the provinces and regions, to respond to market demands quickly. It expanded the scale of front-line sales personnel through encouraging supporting staff to join front-line employees. It encouraged that sales supporting staff should adhere to the concept of “service first, management second” and streamlined its business departments to improve service efficiency. In 2016, with products as the basis for cooperation, C&C Trucks proactively promoted collaboration business and has established cooperation with 11 enterprises in the Group’s road transportation vehicle segment. C&C Trucks has participated in China Truck Racing Championship with its two tractors taking the second and fourth place in all 19 vehicles.

## Chapter IV

### Report of the Board

In respect of the international market, affected by the unstable global economic situation, and the severe impact of low oil price on major export areas such as Middle East, Africa, Southeast Asia, together with the raising export threshold of automobile due to tariff barriers and trade restrictions, China's heavy truck export market remained sluggish in 2016. Under this challenging economic situation, C&C Trucks strengthened the cooperation with its overseas distributors and put more efforts on the sales of its products. C&C Trucks' sales volume in overseas markets in 2016 increased by 13% as compared with the same period in 2015 with 485 vehicles exported during the year and the ranking of C&C Trucks in the exported left-hand driving heavy truck market in China rose from 15 in 2015 to 12 in 2016. Preparations were made for the knock-down export in 2017.

#### Airport Facilities Equipment Business

The Group primarily operates its airport facilities equipment business through its non-wholly-owned subsidiaries Pteris, CIMC Tianda and Ziegler. The Group also integrates and achieves synergy with its subsidiary CFSE over the advantages of resources, of which principal business includes boarding bridge business, stereo garage business, fire truck and rescue vehicle business, automated logistics systems and ground support equipment (GSE).

In 2016, the global demand for airport facilities equipment was basically stable and increased. During the year, the Group's boarding bridge business won all the domestic projects it bid for; airport shuttle bus and food vehicle market grew steadily; the fire and rescue vehicle business and automated logistics system business was further expanded with net profits greatly increasing.

During the Reporting Period, the Group's airport facilities equipment business recorded sales revenue of RMB3.213 billion (2015: RMB2.820 billion), representing a year-on-year increase of 13.95%. It achieved net profit of RMB131 million (2015: RMB62 million), representing a year-on-year increase of 110.22%. In 2016, the increases in revenue and net profit were mainly due to the increase in the percentage of the fire and rescue vehicle business's contribution, the enhancement of the bargaining power of the boarding bridge business of the Group and the improvement in logistics operation.

During the Reporting Period, the strength of the Group's airport facilities equipment business was further improved:

- In respect of the boarding bridge and peripheral business: in 2016, the Group's boarding bridge business continued to record steady growth in its revenue and profitability, and won all the domestic projects it bid for during the year, which further improved its market competitiveness. Shenzhen CIMC-Tianda Jirong Aero Refrigeration Company Limited (深圳中集天達吉榮航空製冷有限公司), a company newly established by the Group, acquired the aircraft air conditioning business of Guangdong Jirong Air Conditioner Company Limited (廣東吉榮空調有限公司), which was conducive to strengthening the Group's capability in bridge loading facility area.
- In respect of the garage business: as an effective way to solve parking problems in cities, the construction of stereo bus stations will present many development opportunities for the garage industry. The Group's stereo bus garage business currently possesses obvious advantages on technical plans and other areas over its main competitors.
- In respect of fire and rescue vehicle business: Ziegler, a subsidiary of the Group, safeguarded our ladder technologies by way of strategic cooperation and CFSE, an associated company, made breakthroughs and was certified on 30-metre ladder technologies. In 2016, Ziegler recorded growth while most of the fire vehicle companies in Europe achieved poor operating results, and in the Chinese market, CFSE and Ziegler also recorded positive growth.

## Chapter IV Report of the Board

- In respect of the automated logistics systems business: the Group maintained its leading advantage in aviation freight stations with its brand recognition further improved. The pallet system progressed well and certain breakthroughs were made on the feed box system.
- In respect of ground support equipment (GSE) business: during the Reporting Period, the Group's shuttle bus business achieved growth and optimised its connotation, with its technology advantages starting to be shown. In respect of the lifting platform vehicle business, following consolidation upon acquisition of the French enterprise Air Marrel S.A.S in 2013, it turned losses into profits and solidified the foundation for development of the engineering vehicle business.

The Group's airport facilities equipment business has experienced sales teams, and has established a standardised and organised marketing management system. At the same time, the good customer relations and market network resources of the airport field can well assist and promote the expansion of the Group's air cargo handling systems, operating vehicle businesses and fire vehicle businesses in this field.

### Real Estate Development Business

The Group's real estate development business is operated mainly by its subsidiary Shenzhen CIMC Skyspace Real Estate Development Co., Ltd and its subsidiaries and CIMC Shenfa Development Co., Ltd. The main operations include the development of complex in industrial cities, development and operation of industrial parks and development of traditional real estate.

In 2016, the domestic real estate market went through from easing policies to constantly tightening policies in key cities. With the rapidly rising house prices and land prices in hot cities, the policy differentiation became more visible. On one hand, the control policies in hot cities kept tightening with the intensification of purchasing restrictions on houses and lending restrictions as well as other regulatory measures, in order to curb the speculative investments and prevent market risks. On the other hand, third-tier and fourth-tier cities still adhered to the destocking strategy for the purpose of improving market environments from both ends of the supply and demand. In terms of price, the house prices in hot cities increased remarkably and stabilised after the control measures were tightened. In terms of the supply and demand, market turnover kept running at a high level during the whole year and the deal structure showed obvious upward shift. In terms of land sales, the land market in first-tier and second-tier cities was hot and risks existed in the development of the lands with high prices.

During the Reporting Period, the Group's real estate development business recorded the areas sold of 92,000 m<sup>2</sup>, revenue of RMB723 million (2015: RMB1,292 million), representing a year-on-year decrease of 44.03%, and net profit of RMB154 million (2015: RMB340 million), representing a year-on-year decrease of 54.74%. The decrease of sales revenue and net profit was mainly due to the decrease in the areas available for sale during the Reporting Period.

During the Reporting Period, all businesses of the Group's real estate development achieved good progress:

- **In respect of the industrial city development business:** the operating results were relatively stable with a good development trend overall. In terms of project expansion, during the Reporting Period, the land demolition project of Shanghai CIMC Reefer Containers achieved results in a phased manner. The municipality of Shanghai completed the land reserve. The Group will participate in the listing-for-bidding of the land to be held recently with a plan to build an urban complex project following the successful bidding. Besides, the Group is in specific negotiation with relevant departments regarding the agreements of its projects in Qianhai and Prince Bay, Shenzhen and the projects are expected to be implemented in the near future.

## Chapter IV

**Report of the Board**

- **In respect of the industrial park development and operation business:** it achieved steady development and advancement. During the Reporting Period, the first phase of the CIMC Intelligence Valley project in Songshan Lake, Dongguan, Guangdong, has completed the investment invitation and several companies have set up their businesses in the park. The project received praises from the government, the society and our peers and was recognised by the Torch Centre of the Ministry of Science & Technology as a state-level technology business incubator. The business model of the industrial park of the Group showed a sustainable developing trend. As at the end of the Reporting Period, apart from the first phase of the CIMC Intelligence Valley project, the implemented industrial park projects included: CIMC Database in Xinhui, Guangdong and Qingdao Reefer Incubation Park in Jiaozhou, Qingdao. At present, the Group is in active negotiation and promotion in respect of other several projects in several regions such as Shenzhen, Beijing and Dongguan.
- **In respect of the traditional residential business:** the Group adjusted the development strategy promptly according to the destocking trend of the industry. Certain projects in third-tier and forth-tier cities were put into cooperation with famous real estate companies to improve the productivity of the project and speed up the fund return, thereby controlling the market risk effectively.

**Financial Business**

The Group's financial business is devoted to establish a financial service system which matches the Group's strategic role as a leading manufacturer in the world, to enhance the efficiency and effectiveness of the Group's internal capital utilisation, and to provide various financial 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.

In 2016, the global economy was still in a sluggish condition with frequent occurrence of black swan events. The domestic economy situation was complex with the downward trend of the Chinese manufacturing industry unchanged and the fluctuation of the global financial market deepened. The domestic financial leasing industry nevertheless maintained its rapid growth in spite of the mounting downward pressure on the domestic economic growth. According to the Leasing Association of China (中國租賃聯盟), as at the end of 2016, there were approximately 7,120 financial leasing companies in China, representing an increase of 2,612 as compared with those as at the end of 2015, and the balances of the financial leasing in China were approximately RMB5,330.0 billion, representing an increase of approximately RMB890.0 billion as compared with those as at the end of 2015. Meanwhile, laws, taxations and policies in relation to the domestic financial leasing industry have been improving increasingly, and the financing channels of financing leasing companies such as bank credit, asset securitisation and bonds have been expanding gradually.

During the Reporting Period, in respect of the financial business, the Group achieved revenue of RMB2.302 billion (2015: RMB1.792 billion), representing a year-on-year increase of 28.49%, and net profit of RMB824 million (2015: RMB774 million), representing a year-on-year increase of 6.46%.

During the Reporting Period, CIMC Finance Company remained composed when facing challenges. It thoroughly carried out the Group's strategy of integration of industry and finance and strengthened risk management and control with an emphasis on enhancing the comprehensive competitiveness of the industry of the Group by providing efficient and personalised financial services. In April 2016, CIMC Finance Company was approved by the People's Bank of China as the organising body to operate the cross-border two-way Renminbi capital pool business of CIMC. This further improved the centralised management system of the Group's global funds and supported the integration of the Group's global operation, thereby enhancing the Group's utilising efficiency of global funds. Meanwhile, CIMC Finance Company continuously improved the diversity and professionalism of the financial products. It enhanced its financial services by addressing the financial needs of different levels within the Group, reducing the transaction costs of the Group and improving business flexibility. In addition, CIMC Finance Company introduced the purchaser's credit business in 2016 which proactively provided financial services to the downstream of the industry chains and integrated solutions to customers. This increased the synergies of the Group's industry chains.

## Chapter IV Report of the Board

In 2016, facing the complicated domestic and overseas economic situation and challenges, CIMC Financial Leasing Company continued to strengthen the integration of industry and finance among the Group's other industrial segments. It increased investments in weak periodic business of low risks, actively addressed the financing needs of strategic customers, launched innovative financial products and provided diversified and three-dimensional comprehensive financial solutions. Meanwhile, CIMC Financial Leasing Company insisted on prudent and moderate risk preference, built assets disposal platform and optimised assets management system. During the year, the annual operating target was basically achieved with capital scale steadily expanded, business portfolios continuously optimised and the ability of overall risk management greatly improved, which established a solid basis for sustainable and healthy growth in the future.

### Other Businesses:

**Modular Building Business:** During the Reporting Period, the Group established CIMC Modular Building Investment Company Limited (中集模塊化建築投資有限公司) based on the original Modular Building business. A one-stop service model of "manufacturing + finance + service" integrating industry and finance was developed based on the manufacturing and contracting service mode. As for the international market, the Group won the bid for the student apartment project of Newcastle University, the largest student apartment project in the English market in history during the year, demonstrating that the Modular Building products of the Group have been highly recognised by the main student apartment developers in England and CIMC has become a main supplier in the English student apartment market; the technical system certification of California, the U.S.A was passed, laying a solid foundation for entering the American market comprehensively. As for the domestic market, the Group successfully held the first summit forum for the international Modular Building in China and took part in the Shanghai International Building Industrialisation Exhibition and Shanghai International Exhibition of Advanced Building Technologies with its sample building, both of which showed the product and technology advantages and the leading position of the Group's Modular Building business in the industry; meanwhile, the Group promoted the preparation and development of the Box Steel Structure Integration Modular Building System Procedures (箱式鋼結構集成模塊建築體系規程) of the Group, which has passed the preliminary examination of the expert group. The procedures are expected to play an important role in leading and expanding the domestic Modular Building market upon passing the final examination in the first half of 2017.

**Multimodal Transport Business:** Leveraging on standardised equipment, multimodal transport provides integrated freight transportation services through the effective link-up of two or more ways of transportation. Multimodal transport is in its early stage of development in China. A number of policies were introduced by relevant ministries and commissions of China to encourage the development of multimodal transport. Under this backdrop, during the Reporting Period, the Group established CIMC Multimodal Transport Development Co., Ltd. (中集多式聯運發展有限公司) ("CIMC Multimodal Transport Company"). CIMC Multimodal Transport Company aims to maximise the Group's comprehensive advantages in brand, equipment, finance and services, utilise the advanced internet technologies to effectively link different modes of transport, and promote the widespread application of the Group's products in the multimodal transport industry, so as to create a domestic multimodal transport platform. During the Reporting Period, all businesses of CIMC Multimodal Transport Company commenced smoothly. In respect of the road-railway transport, CIMC Multimodal Transport Company launched special trains from Jiangmen to Xi'an and container trains from Guangzhou to Xi'an successively and bought open containers and tank containers at its own costs to carry out mass freight railway transportation and special cargo railway transportation such as food and coke. In addition, it has purchased a ship during the year to proactively conduct domestic rail-water transport business. In the future, CIMC Multimodal Transport Company will continue to improve the market share and profitability of its railway related business, strength the expansion of its existing business toward multimodal transport and explore and establish the most effective operation mode for domestic multimodal transport.

## Chapter IV Report of the Board

### III. FUTURE DEVELOPMENT AND OUTLOOK

#### 1. Macroeconomic Environment and Policies

In 2017, it is expected that the global economic activities will increase after past years of downturn, but the development environment will be even more complicated and volatile, with uncertainties increasing significantly. According to the forecast of International Monetary Fund, benefiting from the continuous economic recovery of the United States, Europe and other developed economies, it is expected that the global economic growth will moderately rebound in 2017. However, under the influence of the protectionist measures adopted by the new president of the United States Trump after he taking command, the Brexit, the political elections of the European countries, the progressively tightening global financial conditions and other factors, the global economy, international trade and financial market will be further impacted, and the economic and financial risks will be further exaggerated. Looking ahead to 2017, China will further deepen and reinforce the supply-side structural reform and maintain a “prudent and neutral” monetary policy, and the overall economy is expected to remain steady with the annual growth rate of GDP anticipated to remain at 6.5%.

#### 2. Industry Development Trend and Market Outlook

In respect of the container manufacturing business, CLARKSON (a British institution for dynamic analysis of shipbuilding and marine trade) predicted the growth of global container trade would be 3.2% in 2016. It also predicted that the growth of global container trade will rebound to 4.0% in 2017 while the oversupply of the shipping capacity will remain. It is expected that shipping companies will continue to focus on integration work following mergers and acquisitions and reorganisation, deepen coalition operation and maintain slow-sailing strategies which will facilitate the improvement and recovery of shipping industry in the future. In 2017, the globalisation may encounter ups and downs but the trend will remain unchanged. On the one hand, the relative improvement of the growth of container trade will bring new demands. On the other hand, the recovery of trade and shipping industry after reaching the lowest point will also help drive the needs of changing containers from shipping companies. Therefore, it is predicted that the demand of containers in 2017 will improve as compared with that of 2016.

In respect of the road transportation vehicle business, in 2017, it is expected that the overall economy of the United States will be buoyant while the semi-trailer industry in the United States will begin to experience periodical downturn. The economic recovery of the Eurozone is relatively weak. The external environment faced by emerging markets is expected to improve. The downturn pressure of China’s macro-economy increases and the real estate industry remain sluggish which will weaken the overall market demands of special vehicles for projects and constructions. At the same time, the implementation of policy measures, which include advancing the management of serious over speed, passenger overload as well as overload of road traffic, regulating conformity of production, the change of yellow-label vehicles to green-label vehicles, urban environmental governance and improvement of emission standards for vehicles and so on, will accelerate industrial transformation and upgrade as well as product replacement and upgrade.

In respect of the energy, chemical and liquid food equipment business, the “Thirteenth Five Year” Plan on Energy Development (《能源發展「十三五」規劃》) issued by the National Energy Administration sets out the target of natural gas consumption accounting for 10% of primary energy consumption in 2020 (2015: 5.9%). The Natural Gas Development Report of China (2016) (《中國天然氣發展報告(2016年)》) jointly issued by the Oil and Gas Department of the National Energy Administration (國家能源局油氣司), Resources and Environment Policy Research Institution of Development and Research Centre of the State Council (國務院發展研究中心資源與環境政策研究所) and Strategic Research Centre of Oil and Gas Resources of the Ministry of Land and Resources (國土資源部油氣資源戰略研究中心), raises a series of policies for promoting the use of natural gas. In the 2017 Government Work Report, it is first advocated to use clean energy vehicles. The energy, chemical and liquid food equipment business of the Group is positioned for more favourable policy environment, promising for sound prospects in the long run although subject to short-term periodical fluctuations in the industry.



## Chapter IV Report of the Board

**In respect of the offshore engineering business**, in 2017, it is expected that the international oil prices still lingered at the low level and global investment in offshore oil and gas exploration and market demand for offshore engineering equipment is unable to pick up for the time being. Yet, global oil price has witnessed substantial rebound and the global offshore engineering equipment is leaving behind its worst times. In addition, demand from the offshore wind power sector and the markets of working vessels for offshore engineering and platform dismantling are expected to increase gradually, which is expected to become a bright spot in the industry.

**In respect of the logistics services business**, in 2017, the domestic logistics industry will maintain the basic trend of stabilising and turning positive steadily. The growth of the logistics demands of bulk commodities which accounted for a large portion, such as iron and steel, coals, real estate and construction industry is anaemic which would affect the development of the related logistics industry. Nonetheless, the social logistics that relate to consumption, such as e-commerce, cold chain, express delivery and distribution will continue to grow rapidly. There will be more development opportunities for approaches such as asset-light platform, alliance, franchise and cooperation. Activities of mergers and reorganisations will also experience another upsurge. Under the effect of exchange rate adjustments, the exporting competitiveness of traditional manufacturing will improve gradually. The logistics demand of imports and exports is expected to enjoy a moderate recovery accordingly, although it may be also subject to from uncertainty of international trade protectionism.

**In respect of the heavy truck business**, in 2017, it is expected that the growth of real estate investment in China will slow down while transportation infrastructure investment will gradually show an increasing trend; and the implementation of new standard GB1589 and strict regulation of overload will push forward the replacement and upgrade of relevant vehicles. As a result, it is expected that the domestic heavy truck market will continue to recover. In niche markets, it is expected that highway transportation of daily necessities, car carriers, express delivery and transportation and cold chain will grow rapidly while growth of coals and hazardous chemicals transportation will slow down; engineering and urban construction wastes transportation will experience swift growth and sand and gravel mixture transportation will transform into the pattern of transportation by tractors or light trucks. In respect of new energy products, substantial growth is expected to be seen in the LNG heavy truck market in 2017.

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

**In respect of the real estate development business**, in 2017, the government will press ahead the construction of housing system through implementing different policies according to different municipal conditions, precise adjustments and controls as well as medium-and-long-term effective mechanisms in China. In 2017, it is expected that market price and volume in first-tier and second-tier cities nationwide will enter into adjusting period, but there will be opportunities in some cities. Good development chances will emerge when the stock of land and properties brought by urban industrial upgrade are enlivened and utilised. Cities supported by industries and population will be the centre of next developing trend, and in particular, can provide the industrial park business with a promising development space.

## Chapter IV

**Report of the Board**

In respect of the financial business, in 2017, the domestic and overseas financial environment will become more complex and changeable accompanied by more uncertainties, which increase the chances of financial crisis. China's macro-economy still suffers from heavy downturn pressure with growth of investments in fixed assets running low and rare improvement in return on investments in real economy. China will adhere to the principle of "making progress while maintaining stability". The currency policy turns to be moderate and neutral and the fluctuation in both directions and enhanced flexibility of exchange rate of Renminbi will be more visible. In 2017, the US dollar will enter into the interest-rate raise cycle which will have big impact on US dollar financing in financial leasing projects of large scale. It is expected that China's financial leasing industry will maintain good developing momentum with financing channels more diversified while competitions will become intense.

### 3. Overall Operation Targets and Initiatives for Main Business Segments

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

In respect of the container manufacturing business, in 2017, for the mature business, the Group will carry out structure adjustment and connotative optimisation in order to strengthen and enhance its leading position in container business and proactively seize the opportunity in market fluctuations. The Group will propel initiatives in respect of structure adjustments, such as making adjustments to optimise the production capacity structure and asset structure, exploration of adjustments to business operation models and overseas presence. The Group will adopt measures for strengthening connotative optimisation, such as the comprehensive upgrades of HSE which highlight the transformation to water-based paints in production lines, and internal management innovation. In respect of new business expansion, it will gradually achieve rapid development and hierarchical deployment in terms of emerging business with resource investment and mechanism protection. Meanwhile, the Group will quicken its pace of land commercialisation, search for a model combination of investment through industrial fund and direct investment, and actively explore and develop business areas, such as cold chain equipment, logistics equipment, environmental friendly energy saving and new materials, etc.

In respect of the road transportation vehicle business, in 2017, the Group will continue to strive for comprehensively improving the core competency of global operations. While focusing on semi-trailer business and optimising existing business, the Group will put more efforts on exploring business growth and innovation business, to seize rapidly the opportunities arising from the changing trends and demands in the global markets and realise the continuous quality growth of the road vehicle business of the Group. In domestic market, the Group will seek for developing new profit growth by capturing opportunities brought by new regulations and prevailing hot events. In North American market, the Group will actively extend the geographical coverage of its products to set off the cyclical downtrends. In European market, the Group will continue to seek for future growth drivers. In emerging markets, the Group will develop key markets, such as Southeast Asia and Middle East, and ensure the development of mature regions.

## Chapter IV Report of the Board

**In respect of the energy, chemical and liquid food equipment business**, in 2017, CIMC Enric will continue to focus on the improvement of its core competitiveness based on connotation growth and continual innovation and strengthen the integration of enterprises that are newly acquired through merger and acquisition. As for its energy equipment business, CIMC Enric will put more efforts on expanding the market shares of its core products in China, develop from natural gas storage and transportation in the middle and downstream sectors to natural gas extraction in the upstream sector, explore new business in a proactive manner and expand the overseas market; as for the chemical equipment business, CIMC Enric will proactively expand the special tank container business and continue to promote the communication and sharing of professional knowledge, technical expertise and market network among subsidiaries in China and Europe; as for the liquid food equipment business, CIMC Enric will continue to improve the brand advantages of “Ziemann Holvrieka”, strengthen the integration of Briggs and further improve its market position.

**In respect of the offshore engineering business**, in 2017, the Group will actively expand its business scope, deeply explore the potential orders in the oil and gas industry, the tourism industry, the deep-sea fishery industry and the power industry and built its advantage for its focused products to walk out of the downturn period of the offshore engineering market through provision of differentiated products and services. In terms of management, by sticking to lean principle, benchmarking against Kawasaki and completing E331 project as its overall objective, the offshore engineering business segment of the Group will continue to promote the management topic of “profit-centric, approach management and statement of operations” so as to proactively cope with changes in the industrial environment.

**In respect of the logistics services business**, in 2017, the Group will achieve quality growth of the logistics services business through the following several measures: further strengthening culture integration and building in its logistics services business, optimising the business structure and organisational structure and clarifying the nature and boundaries of business. The emphasis will be placed on building a system of product planning and marketing and improving business risk management. The Group will enhance the systematic management of investment and perfect the investment network deployment both home and abroad. Moreover, the Group will encourage internal innovation and entrepreneurship, develop innovative mechanism and culture, and continue to promote the lean management, HSE management and development of informatisation, etc.

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

**In respect of the airport facilities equipment business**, in 2017, the Group will gradually improve the guarantee ability and achieve stable business growth of its airport facilities equipment business by way of implementing the following initiatives: conducting internal and external optimisation to continuously strengthen core competitiveness; conducting business innovation with the consideration of industrial characteristics; perfecting the human resource system; promoting risk management improvement; managing reasonably to achieve improvement; complying with the Group’s strategy to promote the our corporate efficiency; combining mergers and acquisitions with strategic cooperation to enhance our corporate strength.

## Chapter IV

### Report of the Board

In respect of the real estate development business, in 2017, under the guidance of the real estate policy and property development by classification of the state, combining its own advantageous resources and development strategies, the Group will focus on revitalising its land resources in the first-tier cities, such as Shenzhen and Shanghai. The Group will keep close communication with relevant government authorities, and continue to promote the implementation of solutions of Shenzhen Qianhai Project, Shenzhen Shekou Prince Bay Project, Shanghai Baoshan Project and other projects. In the meantime, through replication of industrial park model, it will actively seek promising first-tier cities or surrounding areas of first-tier cities to boost the implementation of the industrial park projects.

In respect of the financial business, in 2017, by adhering to the Group's strategy and the principle of client-centric, CIMC Finance Company will thoroughly carry out industry amalgamation and meet with every financial need of the Group in a more systematic, in-depth and specific fashion, so as to propel the development of other industries of the Group with financial means on the basis that the centralised management of the global capital has been firmly promoted and improved. In 2017, CIMC Financial Leasing Company will continue to promote the deepening of the coordination of industry and finance, promote sustained growth of the fundamental businesses such as vehicles and energy and chemical. Meanwhile, it will introduce more resources to business of weak cyclicity and low risks, explore the financing needs of strategic major customers and enhance the ability and level of the financial innovation, aiming at ensuring the continuous and sound operation of the Company by complying with prudent and steady risk management and control policies.

#### 4. Main Risk Factors for 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 the economic periodical changes. In recent years, the global economy endured weak recovery; international trade and investment remained depressed; oil price continued to decline and China's economic growth slowed down, all of which have put huge pressures on traditional manufacturing industries. Affected by these factors, there are risks that the growth of the Group's various principal businesses might slow down continuously. The changes and risks in global economic environment bring 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. The new industrial policies, tax policies, environmental policies and land policies, etc. that have a huge impact on the business, were 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 protection and anti-globalisation:** Anti-globalisation trend such as the implementation of trade protectionism upon taking office by Donald Trump, the new president of the United States, the Brexit and political elections in European countries, will bring more uncertainties to global trade recovery and threats to global economic growth. Part of the Group's principal businesses will be affected by global trade protectionism and reverse globalisation, such as anti-monopoly and anti-subsidy and anti-dumping investigations, etc.

**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 the RMB against the US\$ will fluctuate more frequently with a wider range, thus making it more difficult for the Group to manage its foreign currencies and capitals.

Chapter IV  
**Report of the Board**

**Market competition risks:** the Group is confronted with competition from domestic and foreign enterprises in respect of its principal businesses such as container manufacturing, road transportation vehicle and energy, chemical and liquid food equipment businesses. In particular, a weak demand or relative overcapacity will lead to an imbalance between supply and demand, which will cause an intensified competition in the industry. Besides, the competition pattern of the industry may change due to entry of new players or improved capacity of existing rivals.

**Employment and environmental protection pressure and risks:** with demographic changes in China and gradual loss of demographic dividend, China's manufacturing industries see constantly soaring labour costs. The automation represented by the robot is becoming one of key directions for future upgrading of the traditional manufacturing industries. In addition, China attaches increasing attention on environmental protection and carries out the sustainable development strategies, and strengthens the requirement of environmental protection for China's traditional manufacturing industries.

#### **IV. SIGNIFICANT CHANGES IN MAIN ASSETS OF THE GROUP DURING THE REPORTING PERIOD**

##### **1. Significant Changes in Main Assets**

Main assets	Explanations on significant changes
Investment properties	The measurement mode for investment properties was changed from the historical cost mode to the fair value mode.
Construction in progress	Increase in ships under construction for the Year.

##### **2. Main Overseas Assets**

Applicable     Not applicable

## Chapter IV Report of the Board

### V. ANALYSIS OF CORE COMPETITIVE ADVANTAGES

#### Strategic Positioning of “Manufacture + Service + Finance”

The Group has formed an industrial pattern spanning both logistics and energy fields, and has developed major business segments with industry leading position and good prospects, and will continue to explore and deploy in emerging industry 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 manufacture to incorporate service, offered comprehensive solutions covering the entire life cycle of a product, and established the strategic positioning and industrial ecosystem of “manufacture + service + finance”.

#### Development Philosophies of Business Diversification and Globalisation

The Group has always been committed to 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, financial business, real estate development business and other emerging businesses, its production bases spread across Asia, Europe, North America and Australia, and its business network spans over the world’s major countries and regions. 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 of the periodic fluctuations of the global market in the recent year 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 safeguards 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 Company has established a three – tier management model comprising the executive committee, special committees and the Board as well as a 5S core management process, and introduced the lean management concept. As a result, the Company has established an innovative and forward-looking management system to ensure sustainable and healthy development of its businesses.

#### 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 high efficiency, safe, green and lean manufacturing technologies and process management represented by the ONE Model and the QHSE across its business segments to realise the goal of continuous improvement.

## Chapter IV Report of the Board

### 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 completed industrial consolidation through a series of mergers and acquisitions, and fully integrated supply chain, production and manufacturing, services and other processes to secure its leading cost advantage and leadership in the industry. On the basis of the existing resources and manufacturing and operating strengths, 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 has 26 group-level technology centres, including 5 research institutes and 21 technical sub-centres. Capitalising on its strong R&D organisation, the Group is well positioned to convert its leading technologies into competitive advantages and business success for customers.

## VI. OTHER MATTERS REPORTED BY THE BOARD

### 1. Fixed Assets

Changes to the fixed assets of the Group during the Reporting Period are summarised in note IV. 15 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

### 2. Land Value Appreciation Tax

Land value appreciation tax paid by the Group for 2016 was RMB55,503,000 (2015: RMB40,773,000).

### 3. Reserves and Distributable Reserves

As of 31 December 2016, the reserves of the Group were RMB20,774,432 (2015: RMB21,009,386,000 (restated)), and the distributable reserves were RMB17,495,053,000 (2015: RMB17,805,808,000 (restated)). Movements in the reserves and the distributable reserves of the Group during the Reporting Period are set out in notes IV. 48, 49 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

### 4. Management Contract

During the Reporting Period, the Company did not enter into any contracts concerning the management or administration of its overall business or any of its material business, nor did any such contracts exist.

## Chapter IV

### Report of the Board

#### 5. Major Suppliers and Customers

In 2016, the aggregate purchase attributable to the former five largest suppliers of the Group was less than 30% of the Group's total purchase, the aggregate revenue derived from the former five largest customers was less than 30% of the Group's total sales. For details of the former five largest customers and suppliers of the Group, please refer to "(8) Information of the major customers and major suppliers" of "2. Income and Cost" of "II. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" in this Report.

None of the Directors, Supervisors and their associates or any Shareholder (who to the knowledge of the Directors were holding 5% or more of the Company's share capital) had any interest in any of the above-mentioned suppliers and customers.

#### 6. Repurchase, Sale or Redemption of Securities

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

#### 7. Trust Deposits and Irrecoverable Overdue Time Deposits

As at 31 December 2016, the Company did not have any trust deposits or irrecoverable overdue time deposits.

#### 8. Pre-emptive Rights

The Articles of Association or Chinese law had no provisions regarding pre-emptive rights under which the Company must issue new shares on a pro rata basis to existing Shareholders.

#### 9. Issue of Debenture

Please refer to note IV. 39 of "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report for details of the issuance of medium-term notes by the Company.

#### 10. Taxes

In accordance with the provisions of the "Individual Income Tax Law of the People's Republic of China" and its implementing regulations, as for the income from dividends and bonuses obtained by foreign resident individual shareholders from the shares issued in Hong Kong by domestic non-foreign invested enterprises, the individual income tax shall be withheld by withholding agents according to the item of "income from interest, dividends and bonuses". The Company will withhold and remit relevant taxes in accordance with the "Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No.045" (Guo Shui Han [2011] No. 348), the letter entitled "Tax Arrangements of Enterprises in Mainland China on Dividend Issuance to Hong Kong Residents" issued by the Hong Kong Stock Exchange, and related laws and regulations. It's recommended that holders of H Shares may consult their tax advisors concerning the tax effects in Mainland China, Hong Kong and other regions regarding the holding and disposal of H shares of the Company.

#### 11. Donation

In 2016, the Group has made a total donation of RMB1,301,000 (2015: RMB2,850,000).



Chapter IV  
**Report of the Board****12. Compliance with Laws and Regulations**

In 2016, the Group has generally complied with the relevant laws and regulations that have a material impact on the Group's operations.

**13. Permitted Indemnity Provision**

The Company has arranged for appropriate insurance cover for the legal risks possibly faced by its Directors, Supervisors and senior management during their duty performances.

**14. Share Capital**

As at 31 December 2016, the Company's share capital is as follows:

	Par value per share	Number of shares issued (shares)	Percentage (%)
A Shares	RMB1.00	1,262,000,377	42.37%
H Shares	RMB1.00	1,716,576,609	57.63%
Total	–	2,978,576,986	100.00%

**15. Dividend Distribution**

Based on the Group's 2016 operation results and taking into account the Group's overall financial position and cash flows situation, the Board of the Company recommended a final dividend of RMB0.6 per ten shares (including applicable taxes) for the year of 2016. The final dividend of 2016 is subject to Shareholders' meeting of the Company. For details of the Group's cash dividend policy and its dividend distribution for recent three years, please refer to notes IV. 49 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" and "I. Profit Distribution of Ordinary Shares and Share Capital Increase by Way of Transfer from Capital Reserves of the Company" of "Chapter VIII Significant Events".

**16. Changes of Directors and Supervisors**

During the Reporting Period, the changes of Directors and Supervisors of the Company are listed in "IV. Changes of Directors, Supervisors and Senior Management of the Company during the Reporting Period" of "Chapter X Information on Directors, Supervisors, Senior Management and Employees" in this Report.

**17. Environmental, Social and Governance Report**

The Group attaches great importance to its responsibility on the environment and the society and strives to increase the Group's environmental, social and governance capability through various measures. The Company will publish its Environmental, Social and Governance Report prepared in accordance with Rule 13.91 and Environmental, Social and Governance Reporting Guide of Appendix 27 of the Hong Kong Listing Rules within three months after this annual report is published.

**18. Events after the Balance Sheet Date**

For details of events of the Group after the balance sheet date of the Reporting Period, please refer to note XII to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

CIMC has established production bases throughout Asia, Europe, North America and Australia, forming a business network radiating the globe together with increasing sales and service companies.

**Containers**

Australia / England  
Dongguan / Yangzhou / Suining  
Hulun Buir / Tianjin / Qingdao / Xuzhou  
Nantong / Taicang / Shanghai / Jiaxing  
Ningguo / Ningbo / Zhangzhou  
Shenzhen / Xinhui / Quzhou

**Road Transportation Vehicles**

America / Germany / Netherlands  
Saudi Arabia / Australia / Thailand  
Shenzhen / Jiangmen / Zhumadian  
Luoyang / Shanghai / Yangzhou  
Wuhu / Ji'nan / Qingdao / Liangshan  
Yingkou/ Xi'an / Baiyin / Urumqi  
Chengdu / Dongguan

**Energy, Chemical and Liquid Food Equipment**

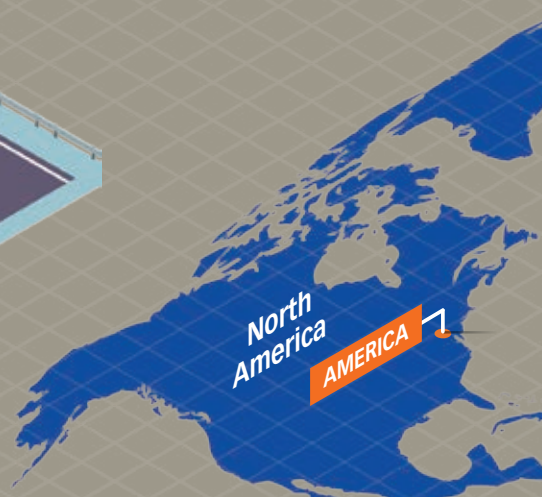
Germany / Netherlands / Denmark / Belgium  
America / Columbia / Australia / Russia  
Thailand / India/ Vietnam / Nantong  
Shijiazhuang / Zhangjiagang / Langfang  
Jingmen / Bengbu / Beijing / Dalian  
Nanjing / Shanghai / Taipei

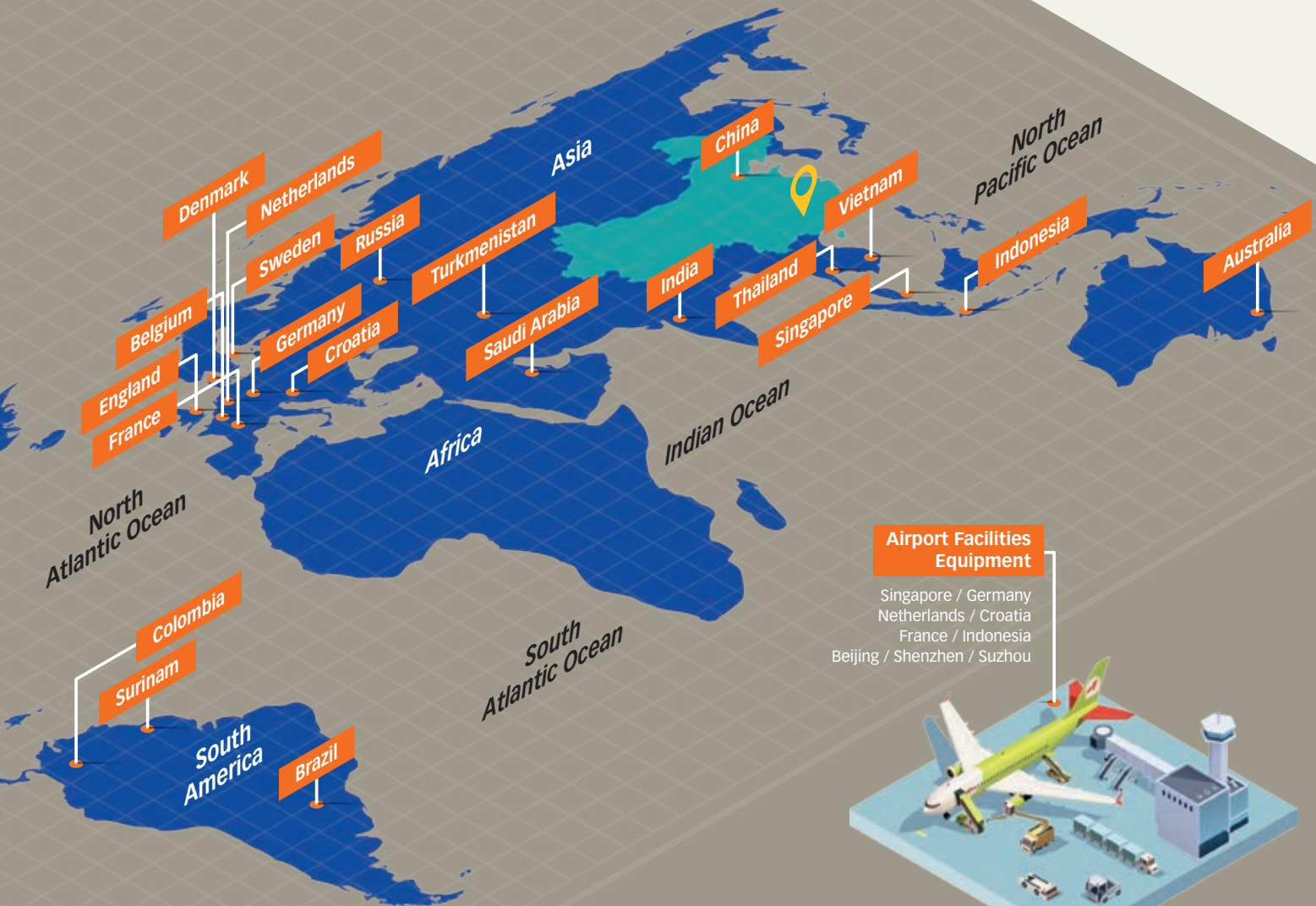
**Logistics Service**

Thailand / Hong Kong / Dalian / Beijing  
Tianjin / Qingdao / Yantai / Lianyungang  
Yancheng / Shanghai / Ningbo / Wuhan  
Nanchang/ Guangzhou / Shenzhen  
Fuzhou / Xiamen / Kunming

**Offshore Engineering**

Turkmenistan / Brazil  
Singapore / Sweden  
Yantai / Shanghai  
Longkou / Haiyang





**Airport Facilities Equipment**

Singapore / Germany  
Netherlands / Croatia  
France / Indonesia  
Beijing / Shenzhen / Suzhou



**Real Estate Development**

Shenzhen / Yangzhou  
Jiangmen / Yangjiang  
Zhenjiang / Dongguan



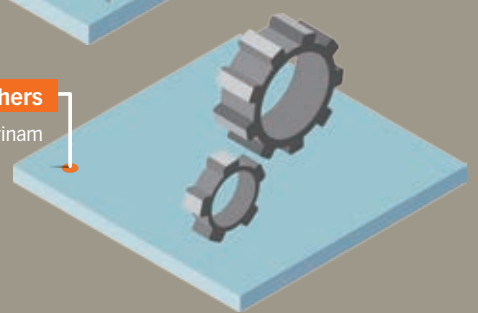
**Finance**

America / Australia  
Shenzhen / Hong Kong



**Others**

Surinam



# Chapter V

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

### I. OVERVIEW

For the profile of the Group's businesses during the Reporting Period, please refer to "1. Overview" of "II. Review of Principal Businesses During the Reporting Period" under "Chapter IV Report of the Board" in this Report.

### II. ANALYSIS OF PRINCIPAL BUSINESSES

#### 1. Overview

Whether is the same as overview disclosure of operation discussion and analysis

Yes  No

For details of the Group's principal business operations during the Reporting Period, please refer to "2. Review of Operations of Major Business Segments" of "II. Review of Principal Businesses During the Reporting Period" under "Chapter IV Report of the Board" in this Report.

#### 2. Income and Cost

##### (1) Composition of Revenue

Unit: RMB thousand

	2016		2015		Year-on-year change
	Amount	% of revenue	Amount	% of revenue	
Total revenue	51,111,652	100.00%	58,685,804	100.00%	(12.91%)
<b>By industry</b>					
Containers	11,066,999	21.65%	21,071,169	35.91%	(47.48%)
Road transportation vehicles	14,694,682	28.75%	12,861,559	21.92%	14.25%
Energy, chemical and liquid food equipment	9,353,786	18.30%	9,305,081	15.86%	0.52%
Offshore engineering	4,305,630	8.42%	7,956,958	13.56%	(45.89%)
Airport facilities equipment	3,213,229	6.29%	2,819,980	4.81%	13.95%
Logistic services	7,129,456	13.95%	7,799,998	13.29%	(8.60%)
Financial business	2,302,412	4.50%	1,791,929	3.05%	28.49%
Real estate	723,090	1.41%	1,291,878	2.20%	(44.03%)
Heavy trucks	1,725,766	3.38%	856,459	1.46%	101.50%
Others	2,219,576	4.34%	1,153,770	1.97%	92.38%
Combined offset	(5,622,974)	(10.99%)	(8,222,977)	(14.03%)	(31.62%)

Chapter V

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

Unit: RMB thousand

	2016		2015		Year-on-year change
	Amount	% of revenue	Amount	% of revenue	
<b>By product</b>					
Containers	11,066,999	21.65%	21,071,169	35.91%	(47.48%)
Road transportation vehicles	14,694,682	28.75%	12,861,559	21.92%	14.25%
Energy, chemical and liquid food equipment	9,353,786	18.30%	9,305,081	15.86%	0.52%
Offshore engineering	4,305,630	8.42%	7,956,958	13.56%	(45.89%)
Airport facilities equipment	3,213,229	6.29%	2,819,980	4.81%	13.95%
Logistic services	7,129,456	13.95%	7,799,998	13.29%	(8.60%)
Financial business	2,302,412	4.50%	1,791,929	3.05%	28.49%
Real estate	723,090	1.41%	1,291,878	2.20%	(44.03%)
Heavy trucks	1,725,766	3.38%	856,459	1.46%	101.50%
Others	2,219,576	4.34%	1,153,770	1.97%	92.38%
Combined offset	(5,622,974)	(10.99%)	(8,222,977)	(14.03%)	(31.62%)
<b>By region</b>					
China	23,563,045	46.10%	24,684,517	42.06%	(4.54%)
America	9,718,213	19.01%	8,880,239	15.13%	9.44%
Europe	8,068,004	15.79%	13,836,675	23.58%	(41.69%)
Asia (excluding China)	7,266,749	14.22%	9,181,983	15.65%	(20.86%)
Others	2,495,641	4.88%	2,102,390	3.58%	18.70%

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

### (2) Industry, Product or Region Contributing 10% or More to the Company's Revenue or Operating Profit

Unit: RMB thousand

	Revenue	Cost of sales	Gross profit margin	Year-on-year change in revenue	Year-on-year change in cost of sales	Year-on-year change in gross profit margin
<b>By industry</b>						
Containers	11,066,999	9,889,804	10.64%	(47.48%)	(43.43%)	(6.39%)
Road transportation vehicles	14,694,682	11,930,401	18.81%	14.25%	15.43%	(0.83%)
Energy, chemical and liquid food equipment	9,353,786	7,578,594	18.98%	0.52%	1.20%	(0.54%)
Offshore engineering	4,305,630	3,867,815	10.17%	(45.89%)	(46.84%)	1.62%
Logistic services	7,129,456	6,350,562	10.93%	(8.60%)	(10.33%)	1.73%
<b>By product</b>						
Containers	11,066,999	9,889,804	10.64%	(47.48%)	(43.43%)	(6.39%)
Road transportation vehicles	14,694,682	11,930,401	18.81%	14.25%	15.43%	(0.83%)
Energy, chemical and liquid food equipment	9,353,786	7,578,594	18.98%	0.52%	1.20%	(0.54%)
Offshore engineering	4,305,630	3,867,815	10.17%	(45.89%)	(46.84%)	1.62%
Logistic services	7,129,456	6,350,562	10.93%	(8.60%)	(10.33%)	1.73%
<b>By region</b>						
China	23,563,045	–	–	(4.54%)	–	–
America	9,718,213	–	–	9.44%	–	–
Europe	8,068,004	–	–	(41.69%)	–	–
Asia (excluding China)	7,266,749	–	–	(20.86%)	–	–

The key operation data on the Company's principle business for the past year collected by using the modified statistical method which adopted during the Reporting Period

Applicable     Not applicable

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

**(3) The Company's Income of the Physical Sale is Higher than the Service Revenue or not**

Yes  No

Industry classification	Item	2016	2015	Year-on-year change
Container	Sales volume			
	Dry container (ten thousand TEU)	58.73	112.03	(47.58%)
	Reefer (ten thousand TEU)	7.97	18.14	(56.06%)
Road transportation vehicles	Sales volume (ten thousand units)	12.31	11.39	8.08%
Offshore engineering business	Sales volume			
	Semi-submersible Drilling Platform (unit)	0	0	0.00%
	Jack-up Drilling Platform (unit)	0	4	(100.00%)
	Production output			
	Jack-up Drilling Platform (unit)	7	7	0.00%

**Reasons for relevant data changes by over 30% on a year-on-year basis**

During the Reporting Period, the sales volume of dry containers and reefers of the Group decreased over 30% on a year-on-year basis due to the significant decrease in market demand for containers resulting from low global economic growth, sluggish international trade and imbalance between the supply and demand in container transportation industry. During the Reporting Period, the global offshore engineering market showed no obvious improvement and demand for offshore engineering equipment remained low, affected by which, no drilling platform was sold by the Group during the year.

**(4) Performance of the Significant Sales Contracts Entered into by the Company as of the Reporting Period**

Applicable  Not applicable

## Chapter V

**Operation Discussion and Analysis Prepared in Accordance  
with the Domestic Securities Regulatory Rules****(5) Composition of Cost of Sales**

## Industry classification

Unit: RMB thousand

Industry classification	Item	2016		2015		Year-on-year change
		Amount	% of cost of sales	Amount	% of cost of sales	
Container	Direct materials	7,610,009	76.95%	14,309,116	81.22%	(4.27%)
Road transportation vehicles	Direct materials	10,565,729	88.56%	9,681,896	88.52%	0.04%
Offshore engineering	Equipment	2,961,039	76.56%	5,240,798	72.71%	3.85%

## Product classification

Unit: RMB thousand

Industry classification	Item	2016		2015		Year-on-year change
		Amount	% of cost of sales	Amount	% of cost of sales	
Container	Direct materials	7,610,009	76.95%	14,309,116	81.22%	(4.27%)
Road transportation vehicles	Direct materials	10,565,729	88.56%	9,681,896	88.52%	0.04%
Offshore engineering	Equipment	2,961,039	76.56%	5,240,798	72.71%	3.85%

**(6) Changes to the Consolidation Scope during the Reporting Period**√ Yes  No

During the Reporting Period, for details of the change of the consolidation scope of the Group, please refer to note V of "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

**(7) Information of Significant Changes or Adjustments of Businesses, Products or Services of the Company during the Reporting Period** Applicable  Not applicable



Chapter V

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

**(8) Information of the Major Customers and Major Suppliers**

Information of the major customers of the Company

Total sales amount of the top five customers (Unit: RMB thousand)	4,531,687
% of the total sales amount of the top five customers in the annual total sales amount	8.87%
% of the total sales amount of related parties among the top five customers in the annual total sales amount	0.00%

Information of the top five customers of the Company

Applicable     Not applicable

Unit: RMB thousand

No.	Name of customer	Sales amount	% of the annual total sales amount
1	Seaco SRL	1,585,824	3.12%
2	Textainer Equipment Management Limited	1,120,312	2.19%
3	Triton Container International Limited	677,058	1.32%
4	Containers No. 1 Inc	671,414	1.31%
5	China Petroleum & Chemical Corporation	477,079	0.93%
Total		4,531,687	8.87%

Other information of major customers

Applicable     Not applicable

There was no relationship between the Company and the top five customers, and the Directors, Supervisors, senior management, core technicians, Shareholders holding more than 5% of shares, de facto controller and other related parties of the Company did not directly or indirectly own interests in the major customers.

Information of the major suppliers of the Company

Total purchase amount of the top five suppliers (Unit: RMB thousand)	3,258,220
% of the total purchase amount of the top five suppliers in the annual total purchase amount	7.86%
% of the total purchase amount of related parties among the top five suppliers in the annual total purchase amount	0.00%

## Chapter V

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

## Information of the top five suppliers of the Company

√ Applicable     Not applicable

Unit: RMB thousand

No.	Name of supplier	Purchase amount	% of the annual total purchase amount
1	BPW (Meizhou) Axletree Co., Ltd.	775,248	1.87%
2	Shanxi Taigang Stainless Steel Co., Ltd.	749,176	1.81%
3	Shanghai Baosteel Pudong International Trading Co., Ltd.	683,362	1.65%
4	Guangdong Fuwa Engineering Group Ltd. and its subsidiaries	575,932	1.39%
5	China National Heavy Duty Truck Group Company Limited and its subsidiaries	474,502	1.14%
Total		3,258,220	7.86%

## Other information of major suppliers

 Applicable    √ Not applicable

There was no relationship between the Company and the top five suppliers, and the Directors, Supervisors, senior management, core technicians, Shareholders holding more than 5% of shares, de facto controller and other related parties of the Company did not directly or indirectly own interests in the major suppliers.

**3. Expenses**

Unit: RMB thousand

	2016	2015 (Restated)	Year-on-year change
Sales expenses	2,156,980	2,574,726	(16.22%)
Management expenses	4,208,598	4,146,983	1.49%
Finance expenses	719,109	627,801	14.54%
Income tax expenses	967,068	951,825	1.60%

**4. R&D Investments**

During the Reporting Period, the Group's R&D projects were guided by the strategy of "Made in China 2025" and targeted at vigorous development of intelligent manufacturing, high-end manufacturing and green manufacturing, which represent: (1) to promote the intelligence and automation of manufacturing process, speed up the application of technologies and equipment including intelligent human-machine interaction, industrial robots and intelligent monitoring management in the production process, and promote the enhancement of manufacturing process; (2) to give priority to the development of offshore engineering equipment and high-tech vessels, aerospace equipment and the third generation airport facilities equipment, new energy storage and transportation facilities, laser welding & cutting equipment, so as to increase the added technical value of high-end products; and (3) to put more efforts in the research and development of advanced energy conservation and environmental protection technologies, processes and equipment, actively promote low-carbon, circulatory and intensive operation models, strengthen the green management that covers the whole life cycles of its products, with a view to building a new resource-conserving and environment friendly industrial enterprise.

## Chapter V

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

## R&amp;D investments of the Company

	2016	2015	Proportion of changes
Number of R&D personnel (person)	3,385	3,380	0.15%
Proportion of R&D personnel	6.60%	5.90%	0.70%
Amount of R&D investments (RMB thousand)	563,792	614,462	(8.25%)
Proportion of R&D investments in revenue	1.10%	1.05%	0.05%
Capitalised amount of R&D investments (RMB thousand)	44,352	72,150	(38.53%)
Proportion of capitalised R&D investments in R&D investments	7.87%	11.74%	(3.87%)

Reasons for the significant change to the proportion of total R&D investments in revenue as compared with the previous year

Applicable  Not applicable

Reasons for the substantial change to the capitalisation rate of R&D investments and explanations for its reasonableness

Applicable  Not applicable

## 5. Cash Flows

Unit: RMB thousand

Item	2016	2015	Year-on-year change
Subtotal of cash inflows of operating activities	52,132,383	57,320,802	(9.05%)
Subtotal of cash outflows of operating activities	49,790,764	60,931,025	(18.28%)
Net cash flows from operating activities	2,341,619	(3,610,223)	164.86%
Subtotal of cash inflows of investing activities	2,010,159	1,312,846	53.11%
Subtotal of cash outflows of investing activities	8,864,814	13,897,627	(36.21%)
Net cash flows from investing activities	(6,854,655)	(12,584,781)	45.53%
Subtotal of cash inflows of financing activities	64,307,817	64,944,199	(0.98%)
Subtotal of cash outflows of financing activities	56,796,771	48,438,536	17.26%
Net cash flows from financing activities	7,511,046	16,505,663	(54.49%)
Net increase of cash and cash equivalents	3,079,544	323,872	850.85%

## Chapter V

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

Reasons for the major factors affecting significant changes in relevant data as compared with the same period of previous year

Applicable  Not applicable

Item	Year-on-year change	Reason
Sub-total of cash inflows from investing activities	53.11%	Due to the net cash received from disposal of subsidiaries and the increase in cash received from other investing activities during the Reporting Period.
Sub-total of cash outflows from investing activities	(36.21%)	Due to the decrease in cash paid to acquire fixed assets, intangible assets and other long-term assets during the Reporting Period as compared with the same period of previous year.

Reasons for major differences between the net cash flows of operating activities of the Company and the net profit of the Year during the Reporting Period

Applicable  Not applicable

### III. ANALYSIS OF NON-PRINCIPAL BUSINESSES

Applicable  Not applicable

Unit: RMB thousand

	Amount	Proportion in total profit	Explanation on the formation	Sustainable or not
Investment income	234,410	13.77%	Mainly due to the increase in disposal of long-term equity investments during the Reporting Period.	Not
Profit or loss from changes in fair value	613,913	36.07%	Mainly due to the changes in fair value of derivative financial instruments for the Year.	Not
Asset impairment losses	2,089,634	122.77%	Mainly due to the impairment provision provided for the termination of the acquisition of SOE by CIMC Enric.	Not
Non-operating income	1,212,806	71.26%	Mainly due to the government grants received and payables unable to be paid.	Not
Non-operating expenses	311,293	18.29%	Mainly due to losses on disposal of non-current assets.	Not

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

### IV. ASSETS AND LIABILITIES

#### 1. Significant Changes in Assets

Unit: RMB thousand

	As at the end of 2016		As at the end of 2015 (Restated)		Changes from previous year to this year (%)	Description of material changes
	Amount	% of total assets	Amount	% of total assets		
Long-term equity investments	2,162,217	1.74%	2,036,367	1.90%	6.18%	No material change.
Construction in progress	22,769,189	18.27%	17,040,388	15.92%	33.62%	Mainly due to the increase in vessels under construction of CIMC Financial Leasing Company.
Short-term borrowings	15,729,787	12.62%	17,909,024	16.73%	(12.17%)	No material change.
Long-term borrowings	27,023,222	21.69%	23,684,838	22.12%	14.10%	No material change.

#### 2. Assets and Liabilities Measured at Fair Value

Please refer to "V. Items at Fair Value" of "Chapter II Summary of Accounting Data and Financial Indicators" for details on the Group's assets and liabilities measured at fair value during the Reporting Period.

The measurement attributes of the main assets of the Company change or not during the Reporting Period

Yes  No

Reasons for significant changes in measurement nature of major assets of the Company and its impact on the operation results and financial condition during the Reporting Period:

As considered and approved by the Board and the Supervisory Committee of the Company on 29 December 2016, the measurement of investment properties of the Company was changed from the cost measurement mode to the fair value measurement mode. In 2016, the effect of changes in fair value of investment properties on the current profit or loss of the Group amounted to RMB75,792,000 (2015: RMB65,695,000). For details, please refer to note II. 33 and note IV. 14 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

#### 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. 24 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

## Chapter V

**Operation Discussion and Analysis Prepared in Accordance  
with the Domestic Securities Regulatory Rules****V. INVESTMENTS****1. General Information**√ Applicable  Not applicable

Unit: RMB thousand

Investment amount in the Reporting Period	Investment amount in the same period of previous year	Change
1,832,225	1,529,384	19.80%

**2. Material Equity Investments during the Reporting Period**√ Applicable  Not applicable

Unit: RMB thousand

Name of investee	Principal activities	Investment methods	Investment amount	Shareholding	Source of funds	Partners	Investment period	Type of product	Progress made as at the balance sheet date	Expected gains	Investment gains or losses during the Reporting Period	Litigation involved	Disclosure date (if any)	Disclosure index (if any)
Retlan Manufacturing Ltd	Vehicles	Purchase in cash	842,527	100%	Self-funding	-	-	Semi-trailers and other transportation equipment	Completed	-	-	No	-	-
Total	-	-	842,527	-	-	-	-	-	-	-	-	-	-	-

**3. Material Non-equity Investments in Progress during the Reporting Period** Applicable  Not applicable

Chapter V

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

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 Reporting Period	Profit or loss arising from changes in fair value during the Reporting Period	Cumulative changes in fair value recognised in equity	Purchases for the Reporting Period	Sales for the Reporting Period	Profit or loss during the Reporting Period	Book value at the end of the Reporting Period	Classification in accounting	Source of funds
H Shares	6198	Qingdao Port	128,589	Fair value	117,149	7,987	-	-	-	5,702	133,400	Financial assets at fair value through profit or loss	Self-owned funds
H Shares	368	Sinotrans Ship	20,742	Fair value	3,841	(231)	-	-	-	-	3,860	Financial assets at fair value through profit or loss	Self-owned funds
Other securities investments held at the end of the Reporting Period			-	-	1,181	20	-	-	-	(387)	812	-	-
Total			149,331	-	122,171	7,776	-	-	-	5,315	138,072	-	-
Announcement date of the Board approving securities investments			Nil										
Announcement date of the general meeting approving securities investments (if any)			Nil										

(2) Other Listed Company Equities Held

Unit: RMB thousand

Stock code	Abbreviation of stock name	Initial investment amount	Number of shares held (thousand shares)	Shareholding percentage (%)	Book value at the end of the year	Profit or loss during the Reporting Period	Change in equity during the Reporting Period	Classification in accounting	Source of shareholding
Australian Stock Exchange: OEL	Otto Energy	13,480	13,521	1.19%	2,441	-	1,007	Available-for-sale financial assets	Stock acquisition
Hong Kong Stock Exchange: 206	TSC Offshore Group Limited	167,591	92,800	13.42%	212,905	4,046	-	Long-term equity investments	Stock acquisition
Hong Kong Stock Exchange: 00445	CFSE	467,498	1,223,571	30.00%	485,275	9,128	-	Long-term equity investments	Stock acquisition

## Chapter V

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

#### (3) Derivatives Investments

√ Applicable    □ Not applicable

Unit: RMB thousand

Name of the derivatives investment operator	Relationship with the Group	Related party transaction or not	Type of derivatives investment	Initial investment amount of derivatives investment	Date of commencement	Date of termination	Investment amount at the beginning of the period	Amount acquired during the Reporting Period	Amount sold during the Reporting Period	Provision for impairment (if any)	Investment amount at the end of the period	Proportion of Investment amount at the end of the Reporting Period to net assets of the Company at the end of the Reporting Period	Actual profit or loss during the Reporting Period
HSBC, Standard Chartered and other banks	Nil	No	Foreign exchange forward contract	-	2015/1/29	2017/11/16	9,087,911	-	-	-	219,820	0.75%	176,550
HSBC, Standard Chartered and other banks	Nil	No	Foreign exchange option contract	-	2014/8/22	2016/12/13	4,097,462	-	-	-	-	-	51,378
China Construction Bank, HSBC and other banks	Nil	No	Interest rate swap contract	-	2010/1/20	2021/6/28	831,181	-	-	-	10,302,060	35.18%	336,574
HSBC	Nil	No	Currency swap contract	-	2015/4/1	2016/12/31	70,365	-	-	-	-	-	(19,755)
<b>Total</b>				-	-	-	14,086,919				10,521,880	35.93%	544,747
Source of funds for derivatives investments				Self-owned funds									
Litigation case (if applicable)				Not applicable									
Date of the announcement disclosing the approval of derivatives investment by the Board (if any)				Nil									
Date of the announcement disclosing the approval of derivatives investment at Shareholders' meeting (if any)				Nil									
Risk analysis regarding positions in derivatives during the Reporting Period and explanations of risk control measures (including but not limited to market risk, liquidity risk, credit risk, operation risk and law risk etc.)				As of 31 December 2016, the derivative financial instruments held by the Group were mainly foreign exchange forwards, interest rate swaps and interest rate swap contracts. The risks of interest rate swaps and interest rate swap contracts were closely related to the fluctuations of interest rate. The risks carried by foreign exchange forwards were connected with the market risks relating to exchange rates and the Group's cash flow certainty of foreign currency revenues in the future. The Group's control on the derivative financial instruments was mainly reflected in: making prudent selection and determination on the type and quantity of newly-added derivative financial instruments; as to derivatives transactions, the Group developed rigorous internal approval systems and operational processes, and clarified the approval and authorisation procedures for all levels involved, so as to control the associated risks.									
Changes in market prices or product fair values of derivatives invested during the Reporting Period, where specific methods and relevant assumptions and parameters used shall be disclosed in the analysis of fair values of derivatives				From January to December 2016, the Group's profit or loss arising from changes in fair values of the derivative financial instruments was RMB544,747 million. Fair values of the derivative financial instruments of the Group were determined based on market prices of external financial institutions.									
Explanations of any significant changes in the Company's accounting policies and specific accounting principles on derivatives between the Reporting Period and the last reporting period				No									
Specific opinions of independent Directors on the derivatives investments and risk controls of the Company				In accordance with "Basic Norms for Enterprise Internal Controls", "Application Guidelines for Enterprise Internal Controls", "Enterprise Internal Controls Assessment Guidelines" and other relevant laws and regulations, the Company has established a sound internal control system and put it into effective implementation. Therefore, the risks faced by the Company regarding derivatives investments are controllable.									



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

5. Use of Raised Proceeds

Applicable  Not applicable

(1) General Utilisation of Raised Proceeds

Applicable  Not applicable

Unit: HK\$

Year of raised proceeds	Method	Total proceeds raised	Total proceeds used in the Reporting Period	Total proceeds accumulatively used	Total proceeds raised with changes in usage during the Reporting Period	Accumulative proceeds raised with changes in usage	Proportion of accumulative total proceeds raised with changes in usage	Total amount of remaining proceeds raised	Use and direction for remaining proceeds raised	Raised proceeds not used in more than 2 years
2015	Issue of additional H Shares	3,856,575,428 (equivalent to RMB3,227,639,131)	3,635 (equivalent to RMB3,115)	3,856,003,635 (equivalent to RMB3,227,160,660)	-	-	0.00%	571,793 (equivalent to RMB511,475)	To supplement the working capital	-
Total	-	3,856,575,428 (equivalent to RMB3,227,639,131)	3,635 (equivalent to RMB3,115)	3,856,003,635 (equivalent to RMB3,227,160,660)	-	-	0.00%	571,793 (equivalent to RMB511,475)	-	-

Description of overall utilisation of proceeds raised: Such proceeds raised from the issue of additional H Shares will be used for supplementing the working capital of the Group.

(2) Projects Committed with Raised Proceeds

Applicable  Not applicable

(3) Change of Projects to be Invested with Raised Proceeds

Applicable  Not applicable

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

## Chapter V

**Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules****VII. ANALYSIS OF PRINCIPAL SUBSIDIARIES AND ASSOCIATES**√ Applicable  Not applicable

Please refer to the relevant information contained in “II. Review of Principal Businesses During the Reporting Period” under “Chapter IV Report of the Board” of this Report for the details of operations of principal subsidiaries and associates.

The details on the subsidiaries that began and ceased to be consolidated into the accounts of the Group during the Reporting Period are set out in note V to “Chapter XIII Financial Statements Prepared in Accordance with CASBE” in this Report.

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

Unit: RMB thousand

Company name	Company type	Principal activities	Registered capital	Total assets	Net assets	Revenues	Operating profits	Net profits
CIMC Fortune Holdings Limited	Subsidiary	Financial services	13,874	13,345,010	264,827	–	288,927	241,254
CIMC Enric Holdings Limited	Subsidiary	Energy, chemical and liquid food equipment business	17,743	12,888,423	5,302,065	7,968,403	(804,253)	(936,680)
Shanghai CIMC Reefer Containers Co., Ltd.	Subsidiary	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car	215,047	920,018	761,775	1,626	(25,166)	352,203

Details on obtaining and disposing subsidiaries during the Reporting Period

√ Applicable  Not applicable

Company name	Method of obtaining and disposing subsidiaries during the Reporting Period	Impact on overall production and operation and performance
Retlan Manufacturing Ltd	Purchase in cash	No material impact
Shanghai CIMC Yangshan Container Service Co., Ltd.	sale	No material impact

**VIII. STRUCTURED BODY CONTROLLED BY THE COMPANY** Applicable  Not applicable**IX. OUTLOOK FOR FUTURE DEVELOPMENT**

For details of outlook for the future development of the Group, please refer to “III. Future Development and Outlook” of “Chapter IV Report of the Board” in this Report.

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

**X. RECEPTION OF RESEARCH, COMMUNICATIONS AND INTERVIEWS**

Register of reception of research, communications and interviews during the Reporting Period

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Brief description on research
11 January 2016	Company	Field research	Institution	Springs Capital (Beijing) Co., Ltd	Principal business conditions, investment progress, recent industrial developments and industry outlook
12 January 2016	Shanghai	The 16th UBS Greater China Seminar	Institution	Invesco, First State Investments, China AMC, Honghu Investment Management, Neuberger Berman, CIC International (Hong Kong) Co. Ltd., New Silk Road Investment, Korea Investment Management, APS Asset Management, Q Fund Management, Stone Forest Capital, PSquared Asset Management, T.Rowe Price International Ltd., Nomura Asset Management	Same as above
19 January 2016	Company	Field research	Institution	Industrial Securities	Same as above
25 February 2016	Company	Teleconference	Institution	ICBC Credit Suisse	Same as above
29 February 2016	Company	Field research	Institution	Huachuang Securities	Same as above
29 March 2016	Hong Kong	Annual report results	Institution	Institutional analysts, financial media	Details of 2015 annual report results
12 April 2016	Company	Field research	Institution	Essence Securities	Principal business conditions, investment progress, recent industrial developments and industry outlook
26 April 2016	Hangzhou	Spring Forum of Listed Companies of Haitong Securities	Institution	Fullgoal Fund, Orient Securities	Same as above

## Chapter V

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

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Brief description on research
30 May 2016	Company	Field research	Institution	Sanlam Investments, SA, JPMorgan AM, UK, Colonial First State-Core, Northcape Capital, Ellerston, Macquarie Securities	Same as above
17 June 2016	Company	Field research	Institution	Guotai Junan, China Galaxy International Asset Management, Shanghai International Asset Management (HK) Co., Ltd.	Same as above
30 June 2016	Company	Field research	Institution	Xiamen Pearl Fund (廈門普爾投資)	Same as above
7 July 2016	Company	Field research	Institution	Everbright Pramerica Fund	Same as above
20 July 2016	Company	Teleconference	Institution	Franklin Templeton Investment	Same as above
4 August 2016	Company	Field research	Institution	Everbright Pramerica Fund	Same as above
9 August 2016	Company	Field research	Institution	Indus	Same as above
31 August 2016	Company	Disclosure of interim results	Institution	Institutional analysts	Details of 2016 interim results
1 September 2016	Company	Teleconference	Institution	Goldman Sachs	Principal business conditions, investment progress, recent industrial developments and industry outlook
5 September 2016	Company	Field research	Institution	CITIC Securities	Same as above
7 September 2016	Company	Teleconference	Institution	First Manhattan	Same as above
17 October 2016	Company	Teleconference	Institution	First State, Nomura Securities	Same as above
15 November 2016	Company	Field research	Institution	Finebutler Hedgefund, Jiuge Capital (玖歌資本), Mingji Investment (明己投資), Rongtong Fund, Haifuling Capital (海富凌資本), Galaxy Securities, Lafang Investment (拉芳投資), Zhong Ou Fund, Baoying Fund, Huayi Capital (華益資本), Penghua Fund, Invesco Great Wall, Northeast Securities, Chijiu Investment (持久投資), Zhongkewotu Fund (中科沃土基金)	Same as above

Chapter V

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

Date of reception	Venue of reception	Mode of reception	Type of party received	Party received	Brief description on research
15 November 2016	Company	Teleconference	Institution	Joint research of Galaxy Securities	Same as above
17 November 2016	Singapore	Strategy meeting	Institution	Strategy meeting of Morgan	Same as above
18 November 2016	Company	Teleconference	Institution	Guotai Junan, Penghua Fund, Huachuang Securities, Baoying Fund, Guotai'anbao Fund (國泰安保基金), Tianhong Fund (天弘基金)	Same as above
22 November 2016	Company	Teleconference	Institution	HSBC GLOBAL ASSET MANAGEMENT (HK)	Same as above
9 December 2016	Company	Teleconference	Institution	ABC International	Same as above
29 December 2016	Company	Field research	Institution	Sunsource, Northeast Securities, Yinhua Fund	Same as above
Number of reception					27
Number of organisations received					55
Number of individuals received					0
Number of other parties received					0
Whether disclosed any undisclosed major information					No



# Road Transportation Vehicle Business



## Chapter VI

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

The following contents are the financial resource reviews prepared in accordance with the relevant provisions of the Hong Kong Listing Rules. The following discussion and analysis shall be read together with other chapters of this Report and the audited financial statements of the Group and notes thereto prepared in accordance with CASBE.

### Consolidated operating Results and Segment Information

During the Reporting Period, the Group recorded revenue of RMB51,111.652 million (same period of previous year: RMB58,685.804 million) and profit attributable to Shareholders and other equity holders of the Company of RMB539.660 million (same period of previous year: RMB2,026.613 million (restated)), representing a year-on-year decrease of 12.91% and 73.37%, respectively. For details of segment results, please refer to "II. Review of Principal Businesses During the Reporting Period" under "Chapter IV Report of the Board", "2. Income and Cost" of "II. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 50 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

### Cost of Sales

For details of the Group's cost of sales during the Reporting Period, please refer to "2. Income and Cost" of "II. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 50 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

### Gross Profit Margin and Profitability

The overall gross profit margin of the Group in 2016 was 18.84%, remaining basically stable over previous year. Among all segments, logistics services, real estate and heavy trucks segments saw an increase in their gross profit margins, while those of containers, road transportation vehicles, energy, chemical and liquid food equipment, airport facilities equipment and financial segments recorded a decline. For detailed analysis, please refer to "II. Review of Principal Businesses During the Reporting Period" under "Chapter IV Report of the Board" in this Report.

The table below lists the gross profits and gross profit margins of the Group's major segments during the following periods:

Unit: RMB thousand

Segment	2016		2015 (Restated)	
	Gross profit	Gross profit margin (%)	Gross profit	Gross profit margin (%)
Container	1,177,195	10.64%	3,588,696	17.03%
Road transportation vehicle	2,764,281	18.81%	2,526,091	19.64%
Energy, chemical and liquid food equipment	1,775,192	18.98%	1,816,309	19.52%
Offshore engineering	437,815	10.17%	680,622	8.55%
Airport facilities equipment	639,110	19.89%	582,150	20.64%
Logistics service	778,894	10.93%	717,791	9.20%
Financial business	1,290,337	56.04%	1,171,360	65.37%
Real estate	341,309	47.20%	450,317	34.86%
Heavy truck	32,694	1.89%	(51,510)	(6.01%)
Others	252,046	11.36%	204,853	17.76%
Combined offset	140,762	-	(1,051,885)	-
<b>Total</b>	<b>9,629,635</b>	<b>18.84%</b>	<b>10,634,794</b>	<b>18.12%</b>

### Technology Development Costs, Sales Costs, Management Expenses and Finance Expenses

For details of the technology development costs, sales costs, management expenses and finance expenses of the Group during the Reporting Period, please refer to "3. Expenses" of "II. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 52, 53, 54 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.



## Chapter VI

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

#### Non-operating Income

During the Reporting Period, the Group's non-operating income amounted to RMB1,212.806 million (2015: RMB436.200 million), representing a year-on-year increase of 178.04%, mainly due to the financial subsidies received by the Group from the government and accounts payable which were unable to pay during the Reporting Period. For details, please refer to note IV. 59 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

#### Provisions for Asset Impairment

During the Reporting Period, the Group made provisions for asset impairment totalling RMB2,215.199 million (2015: RMB656.556 million), representing a year-on-year increase of 237.40%, mainly due to the significant provision made by CIMC Enric, a non-wholly-owned subsidiary of the Group, for the termination of the acquisition of the equity interest in SOE during the Reporting Period. For details, please refer to note IV. 23 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

#### Taxes

During the Reporting Period, the Group's income tax expense amounted to RMB967.068 million (2015: RMB951.825 million (restated)), representing a year-on-year increase of 1.60%. For details, please refer to note IV. 61 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

#### Profit Attributable to Minority Shareholders

In 2016, the Group's profit attributable to minority Shareholders amounted to RMB195.323 million (2015: RMB324.032 million (restated)), representing a year-on-year decrease of 39.72%, mainly due to the changes in profits of subsidiaries with minority Shareholders.

#### Liquidity and Financial Resources

The Group's cash at bank and on hand primarily consist of cash and bank deposits. As at 31 December 2016, the Group's cash at bank and on hand amounted to RMB6,325.998 million (31 December 2015: RMB4,487.166 million), representing a year-on-year increase of 40.98%. Details are set out in note IV. 1 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

For details of the cash flow data of the Group during the Reporting Period, please refer to "5. Cash Flows" of "II. Analysis of Principal Businesses" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" and note IV. 63 and 64 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

The Group's development funds primarily consist of cash derived from operation and bank loan. The Group's cash demands mainly come from production and operation, repayment of matured liability, capital expenditure, payment of interests and dividends, and other unexpected cash demands. 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.

## Chapter VI

**Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules****Bank Loans and Other Borrowings**

As at 31 December 2016, the Group's short-term borrowings, long-term borrowings, debentures payable and other current liabilities (issuance of commercial papers) in aggregate amounted to RMB55,932.185 million (31 December 2015: RMB46,241.746 million). Details of bank loans and other borrowings of the Group as at 31 December 2016 are set out in note IV. 25, 36, 37, 38 and 39 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this report.

Unit: RMB thousand

	As at 31 December 2016	As at 31 December 2015
Short-term borrowings	15,729,787	17,909,024
Non-current borrowings due within one year	3,525,710	649,003
Debentures payable due within one year	–	3,998,881
Long-term borrowings	27,023,222	23,684,838
Debentures payable	7,986,500	–
Other current liabilities (issuance of commercial papers)	1,666,966	–
<b>Total</b>	<b>55,932,185</b>	<b>46,241,746</b>

Interest capitalised by the Group in 2016 was RMB507.365 million (2015: RMB423.520 million).

The Group's bank borrowings are mainly denominated in U.S. dollars, with the interest payments computed using fixed rates and floating rates. As at 31 December 2016, the Group's bank borrowings included fixed-rate borrowings of approximately RMB8,123.960 million (31 December 2015: RMB12,472.493 million) and floating-rate borrowings of approximately RMB38,154.759 million (31 December 2015: RMB29,770.372 million). The long-term borrowings were mainly due within five years. For details, please refer to note IV. 38 and note XIV. 3 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this report.

The Group's issued bonds are mainly denominated in RMB, with the interest payments computed using fixed rates. As at 31 December 2016, the remaining fixed-rate bonds issued by the Group amounted to RMB7,986.500 million (31 December 2015: RMB3,998.881 million). For details, please refer to note IV. 39 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this report.

**Capital Structure**

The Group's capital structure consists of equity interests attributable to Shareholders and liabilities. As at 31 December 2016, the Group's equity interests attributable to Shareholders amounted to RMB39,134.792 million (31 December 2015: RMB35,720.915 million (restated)); the total liabilities amounted to RMB85,479.956 million (31 December 2015: RMB71,336.150 million (restated)) and the total assets amounted to RMB124,614.748 million (31 December 2015: RMB107,057.065 million (restated)). For the significant changes in the Group's assets and liabilities during the Reporting Period, please refer to "IV. Assets and Liabilities" of "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" in this Report.

At the end of the Reporting Period, the Group's gearing ratio was 68.60% (31 December 2015: 66.63% (restated)), representing a year-on-year increase of 1.97 percentage points. The Group is committed to maintain an appropriate combination of equity and debt, in order to maintain an effective capital structure and provide maximum returns for Shareholders. (Note: the gearing ratio is calculated based on the Group's total debts divided by its total assets as at the respective dates.)

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

### Foreign Exchange Risk and Relevant Hedge

The majority currency of the Group's business revenue is U.S. dollars, while most of its expenditure is made in RMB. Currently, the PRC government has implemented a regulated floating exchange rate regime based on market supply and demand with reference to a basket of currencies. However, Renminbi is still regulated in capital projects. As the exchange rates of RMB are affected by domestic and international economy and political situations, and the demand and supply of RMB, and the future exchange rates of Renminbi against other currencies may vary significantly from the current exchange rates, the Group is exposed to potential foreign exchange risk arising from the exchange rate fluctuation in RMB against other currencies, which may affect the Group's operating results and financial condition. The management of the Group has closely monitored its foreign exchange risk and taken appropriate measures to avoid foreign exchange risk. For details of the foreign exchange hedging contracts held by the Group during the Reporting Period, please refer to note IV. 26 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" 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. As at 31 December 2016, the Group had 20 unsettled interest rate swap contracts denominated in U.S. dollars, the nominal value of which totally amounted to approximately US\$1,484 million, which will be expired from 1 January 2019 to 28 June 2021 respectively. As at 31 December 2016, the fair values of the interest rate swap contracts of the Group were RMB321.371 million. Transaction costs on realisation have not been considered when calculating the fair values. For details, please refer to note IV. 2 and 26 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

### Credit Risk

The Group's credit risk is primarily attributable to cash at bank and on hand, receivables and derivative financial instruments entered into for hedging purposes. Exposure to these credit risks are monitored by the management on an ongoing basis. For details, please refer to note XIV. 1 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

### Capital Commitments

As at 31 December 2016, the Group had capital expenditure commitments of approximately RMB417.786 million (31 December 2015: 960.181 million), which was mainly used as fixed assets purchase contracts entered but not performed or performed partially, external investment contracts entered but not performed or performed partially and vessels manufactured for sales or lease. For details, please refer to note XI. 1(1) to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

### Subsidiaries, Jointly Controlled Companies and Associated Companies of the Group

For the subsidiaries, jointly controlled companies and associated companies of the Group as at 31 December 2016, please refer to note IV. 13 and note VI to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report for details.

### Pledge of Assets

As at 31 December 2016, the restricted assets of the Group totally amounted to RMB9,756.883 million (31 December 2015: RMB5,826.663 million). For details of the Group's pledge of assets, please refer to note IV. 24 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

## Chapter VI

**Management Discussion and Analysis Prepared in  
Accordance with the Hong Kong Securities Regulatory Rules****Significant Investments and Major  
Acquisitions and Sales Relating  
to Subsidiaries and Associated  
Companies**

During the Reporting Period, the Group completed the acquisition of Retlan Manufacturing Limited at a total consideration of RMB842.527 million. For details, please refer to note V to “Chapter XIII Financial Statements Prepared in Accordance with CASBE” in this Report.

**Future Plans for Significant Investments,  
Expected Source of Funding, Capital  
expenditure and Financing Plan**

The Group’s operating and capital expenditures are mainly financed by our own funds and external financing. Concurrently, the Group will take a prudent attitude in order to enhance its future operating cash flow. According to the changes in economic situation and operating environment, as well as the needs of the Group’s strategic upgrade and business development, the capital expenditure of the Group is expected to be approximately RMB18.7 billion in 2017, which will be mainly used for purchase and construction of fixed assets, intangible assets and other long-term assets. The Group will continue to consider various types of financing arrangements.

**Contingent Liabilities**

As at 31 December 2016, the Group had major contingent liabilities of RMB83.248 million (31 December 2015: RMB79.940 million). For details, please refer to note X. 1 to “Chapter XIII Financial Statements Prepared in Accordance with CASBE” in this Report.

**Use of Proceeds**

As at 31 December 2015, the Company has issued a total of 286,096,100 new H Shares to COSCO Container Industries Limited, Broad Ride Limited and Promotor Holdings Limited at HK\$13.48 per H Share, and the proceeds raised were approximately HK\$3,857 million (RMB3,228 million). For details of the use of raised proceeds, please refer to “5. Use of Raised Proceeds” of “V. Investments” under “Chapter V Management Discussion and Analysis Prepared in Accordance with the Domestic Regulatory Securities Rules” in this Report.

**Employees and Remuneration Policies**

As at 31 December 2016, there were approximately 51,299 employees of the Group (31 December 2015: 57,477) in the PRC. For composition of the employees, please refer to “VII. Employees of the Company” of “Chapter X Information on Directors, Supervisors, Senior Management and Employees” in this Report. The total staff cost during the Reporting Period, including Directors’ remuneration, contribution to the retirement benefit schemes and share option incentive schemes, amounted to approximately RMB5,925.685 million (2015: RMB6,293.535 million). For details, please refer to note IV. 55 to “Chapter XIII Financial Statements Prepared in Accordance with CASBE” in this Report.

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

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

### Employee Training Programme

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. Meanwhile, the Group has also provided its employees with ample career development opportunities. The Group, based on its requirements on the talents according to its strategic development, has built its employees’ career development passage (such as management, engineering technology, lean, finance and etc.) to conduct effective career management and clarify career development direction for its employees with a view to increasing their capabilities.

### Employee Pension Benefits

The Group has provided the basic pension insurance for the employees arranged by local labour and social security bureaus. The Group makes contributions to the pension insurance at the applicable rates monthly based on the amounts stipulated by the government organisation. When employees retire, the local labour and social security bureaus are responsible for the payment of the basic pension benefits 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. For details, please refer to note II. 24 and note IV. 55 to “Chapter XIII Financial Statements Prepared in Accordance with CASBE” in this Report.

### Share Option Incentive Scheme

The implementation of share option incentive scheme is helpful to establish an interest sharing and restraint mechanism among the directors, the management and the core employees, by which the management can better balance its long-term goal and short-term goal so as to attract and retain outstanding management candidates and key employees and stimulate sustainable value of incentives which will serve to guarantee the stable development of the Company in the long term

and enhance its competitive strength. For details of the share option incentive scheme of the Company and its subsidiaries, please refer to “XV. Implementation of the Company’s Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures” of “Chapter VIII Significant Events” in this Report.

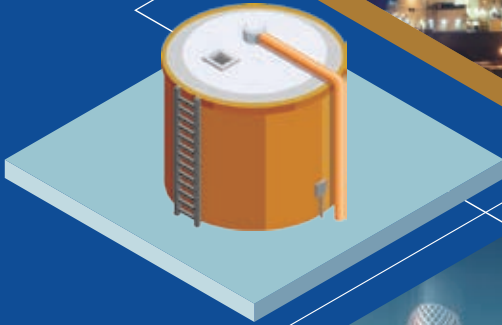
### Investment Properties

To reflect the values of investment properties held by the Company more truly and accurately, and to help the management and the investors of the Company to keep abreast of the true financial conditions and operating results of the Company, upon the consideration and approval at the sixteenth meeting of the eighth session of the Board of the Company for 2016 on 29 December 2016, in accordance with the Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Estimates and Corrections of Errors, the Company changed the measurement of investment properties from historical cost mode to fair value mode. The Group made subsequent measurement to all investment properties under the fair value model during the Reporting Period.

The investment properties of the Group include land use rights and buildings which have been rented or intend to be sold after value increase. The investment properties are mainly located in first-tier and second-tier cities in the coastal areas of China, such as Qingdao, Dalian, Shanghai and Chengdu, etc., while certain are located in Singapore. As at 31 December 2016, the fair values of the Group’s investment properties amounted to RMB1,752,608,000, of which approximately RMB113,196,000 was attributable to plants and buildings which had not been granted the property ownership certificates due to unfinished entitling procedures. The certificates are expected to be granted in 2017. In 2016, the effect of changes in fair value of investment properties on the current profit or loss of the Group amounted to RMB75,792,000 (2015: RMB65,695,000). For details, please refer to note IV. 14 to “Chapter XIII Financial Statements Prepared in Accordance with CASBE” in this Report.

### Market Risks

For details of the Group’s market risks, please refer to “4. Main Risk Factors for Future Development of the Group” of “III. Future Development and Outlook” under “Chapter IV Report of the Board” in this Report.



# Energy, Chemical and Liquid Food Equipment Business





## Chapter VII

# Report of the Supervisory Committee

Dear Shareholders,

During the year of 2016, the Supervisory Committee of the Company has performed and discharged its duties and responsibilities conscientiously in accordance with the relevant provisions of the PRC Company Law and the Articles of Association.

### I. MEETINGS OF THE SUPERVISORY COMMITTEE

Session of meeting	Date	Supervisor attended	Name of proposal	Resolution	Searching index for the resolution published on designated websites	Disclosure date of the information cited in the resolution
The 1st meeting in 2016 of the 7th session	2016.3.28	He Jiale, Wang Zhixian, Xiong Bo	<ol style="list-style-type: none"> <li>1. Review the 2015 Work Report of the Board</li> <li>2. Proposal regarding the 2015 Work Report of the Supervisory Committee</li> <li>3. Proposal regarding the 2015 Annual Report</li> <li>4. Proposal regarding the profit distribution and dividend payment plan for 2015</li> <li>5. Proposal regarding the execution of daily related-party transactions/ continuing connected transactions in 2015</li> <li>6. Proposal regarding the 2015 Special Report on the Deposit and Actual Use of Raised Proceeds</li> <li>7. Proposal regarding the Self-assessment Report on CIMC's Internal Control for 2015</li> </ol>	<ol style="list-style-type: none"> <li>1. Resolution concerning the first meeting in 2016 of the 7th session of the Supervisory Committee</li> <li>2. Audit opinion on daily related-party transactions/continuing connected transactions in 2015</li> </ol>	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>	2016.3.29



## Chapter VII

### Report of the Supervisory Committee

Session of meeting	Date	Supervisor attended	Name of proposal	Resolution	Searching index for the resolution published on designated websites	Disclosure date of the information cited in the resolution
The 2nd meeting in 2016 of the 7th session	2016.4.8	He Jiale, Wang Zhixian, Xiong Bo	<ol style="list-style-type: none"> <li>1. Proposal regarding the Company's compliance with the criteria for the non-public issue of A Shares of the Company</li> <li>2. Proposal regarding the proposed non-public issue of A Shares of the Company</li> <li>3. Proposal regarding the plan of non-public issue of A Shares of the Company</li> <li>4. Proposal regarding the feasibility report on the use of proceeds raised from the non-public issue of A Shares of the Company</li> <li>5. Proposal regarding the report on the use of proceeds from previous fundraising activities by the Company</li> <li>6. Proposal regarding Shareholders' return plan for the coming three years (2016-2018)</li> <li>7. Proposal regarding the impact of dilution of current returns resulting from the non-public issue of A Shares on the key financial indicators of the Company and the measures adopted by the Company</li> <li>8. Proposal regarding the Undertaking from the Directors, Supervisors and Senior Management on the Relevant Matters of Real Estate Business of the Company</li> <li>9. Proposal regarding the amendments to the Articles of Association</li> <li>10. Proposal regarding the amendments to the Management Policy for Fundraising of the Company</li> <li>11. The Proposal regarding the appointment of Supervisors on behalf of Shareholders for the 8th session of the Supervisory Committee</li> </ol>	<ol style="list-style-type: none"> <li>1. Resolution concerning the second meeting in 2016 of the 7th session of the Supervisory Committee</li> <li>2. Resolution concerning the appointment of Supervisors on behalf of Shareholders for the 8th Session of the Supervisory Committee</li> </ol>	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>	2016.4.9

## Chapter VII

### Report of the Supervisory Committee

Session of meeting	Date	Supervisor attended	Name of proposal	Resolution	Searching index for the resolution published on designated websites	Disclosure date of the information cited in the resolution
The 3rd meeting in 2016 of the 7th session	2016.4.28	He Jiale, Wang Zhixian, Xiong Bo	Proposal regarding the first quarterly report of 2016	Audit opinion on the first quarterly report of 2016	www.cninfo.com.cn www.hkexnews.hk	-
The 1st meeting in 2016 of the 8th session	2016.5.31	Zhang Mingwen, Lam Yuk Lan, Xiong Bo	Proposal regarding the election of chairman of the 8th session of the Supervisory Committee	Resolution concerning the first meeting in 2016 of the 8th session of the Supervisory Committee	www.cninfo.com.cn www.hkexnews.hk	2016.6.1
The 2nd meeting in 2016 of the 8th session	2016.8.24	Xiong Bo, Lam Yuk Lan, Zhang Mingwen (abstained)	Proposal regarding the related-party transactions/continuing connected transactions with China Shipping Container Lines Co., Ltd	Opinion on the related-party transactions/continuing connected transactions with China Shipping Container Lines Co., Ltd	www.cninfo.com.cn www.hkexnews.hk	-
The 3rd meeting in 2016 of the 8th session	2016.8.30	Zhang Mingwen, Xiong Bo, Lam Yuk Lan (authorising Xiong Bo to vote on behalf of him)	Proposal regarding 2016 interim report	Audit opinion on 2016 interim report	www.cninfo.com.cn www.hkexnews.hk	-
The 4th meeting in 2016 of the 8th session	2016.10.27	Zhang Mingwen, Xiong Bo	1. Proposal regarding the third quarterly report of 2016 2. Proposal regarding the nomination of Mr. Lv Shengzhou as a Supervisor on behalf of Shareholders for the 8th session of the Supervisory Committee	1. Audit opinion on the third quarterly report of 2016 2. Resolution concerning the nomination of Mr. Lv Shengzhou as a Supervisor on behalf of Shareholders	www.cninfo.com.cn www.hkexnews.hk	2016.10.28
The 5th meeting in 2016 of the 8th session	2016.11.11	Xiong Bo, Zhang Mingwen (abstained)	Proposal regarding the continuing connected transactions/related-party transactions with COSCO SHIPPING Development Co., Ltd. Attachment: Sales Commodity Framework Agreement (for 2017, 2018 and 2019)	Opinion on the continuing connected transactions/related-party transactions with China Shipping Container Lines Co., Ltd	www.cninfo.com.cn www.hkexnews.hk	-
The 6th meeting in 2016 of the 8th session	2016.12.29	Zhang Mingwen, Lv Shengzhou, Xiong Bo	Proposal regarding change of accounting policies	Opinion on change of accounting policies	www.cninfo.com.cn www.hkexnews.hk	2016.12.29

## II. SUPERVISORY COMMITTEE'S PRESENCE ON OTHER MEETINGS AND PERFORMANCE OF OTHER OBLIGATIONS

All members of the Supervisory Committee have attended the regular meetings convened by the Board during the reporting period.

## Chapter VII

### Report of the Supervisory Committee

### III. OTHER MATTERS REVIEWED OR CONCERNED BY THE SUPERVISORY COMMITTEE

#### 1. Opinion of the Supervisory Committee on the Lawful Operation of the Company

The Supervisory Committee of the Company conscientiously performs its duties in accordance with the applicable provisions of the PRC Company Law and the Articles of Association. During the year, the members of the Supervisory Committee attended all board meetings. They conducted supervision on the convening and decision-making procedures of the Shareholders' meeting and the Board meetings, the actual implementation of the resolutions passed at the Shareholders' meeting by the Board as well as the decision-making process and business operation process of the Company in accordance with the applicable laws and regulations. The Supervisory Committee considered that, during the year, the Company has made all decisions in accordance with legitimate procedures and its internal control system is sound. They are of the view that none of the Directors, the CEO and president as well as senior management of the Company violated the Company's Articles of Association or were detrimental to the interests of the Company during their usual course of work, nor have they abused their powers to damage the interests of Shareholders or employees.

#### 2. Opinion of the Supervisory Committee on Inspection of the Financial Status of the Company

During the Year, the Supervisory Committee has examined the Company's business and financial situation, audited the annual report and interim report, quarterly reports and other documents submitted by the Board. The Supervisory Committee is of the view that these financial statements truly and fairly represent the Company's financial position and operational results.

#### 3. Opinion of the Supervisory Committee on the Actual Use of Proceeds from the Latest Fund Raising Exercise

During the Reporting Period, the actual projects invested with the proceeds from the fund raising exercise are consistent with the commitment, without exceptions.

#### 4. Opinion of the Supervisory Committee on the Acquisition and Disposal of Assets by the Company

During the Reporting Period, the Supervisory Committee issued its opinion on the significant provisions made for the termination of the acquisition of equity interests in SOE by CIMC Enric, a non-wholly-owned subsidiary of the Company, and the effects of such provisions on the Company's results, which advised the Group to strengthen internal control and risk management over the material investments, guarantees and other matters of its subsidiaries. During the Reporting Period, no insider dealing in relation to the acquisition/disposal of assets by the Company was discovered.

## Chapter VII

### Report of the Supervisory Committee

#### 5. Opinion of the Supervisory Committee on Daily Related-party Transactions/ Continuing Connected Transactions of the Company

During the Reporting Period, daily related-party transactions/continuing connected transactions of the Company were carried out with the terms of relevant transaction agreement approved by the Board of the Company. Daily related-party transactions/continuing connected transactions were carried out at reasonable and fair considerations, and no prejudice to the non-connected Shareholders or the Company was discovered.

#### 6. Opinion of the Supervisory Committee on the Operation of the Internal Control System of the Company and on the Self-assessment Report on the Internal Control of the Company

Having conducted an adequate verification of the Company's internal control pursuant to the requirements of Basic Norms for Enterprise Internal Controls and the auxiliary guidelines on corporate internal control as well as the Internal Control Guidelines for Companies Listed on the SZSE, the Supervisory Committee is of the view: the Company's existing internal control system complies with the requirements of the applicable laws, regulations and rules and can satisfy all the requirements of effective risk control in all material aspects; Self-Assessment Report on Internal Control of CIMC for 2016 objectively and truly represents how the Company's internal control system was established, operated, examined and supervised.

By Order of the Supervisory Committee  
**Zhang Mingwen**  
*Chairman of the Supervisory Committee*

Shenzhen, the PRC  
March 2017

## Chapter VIII

# Significant Events

### I. PROFIT DISTRIBUTION OF ORDINARY SHARES AND SHARE CAPITAL INCREASE BY WAY OF TRANSFER FROM CAPITAL RESERVES OF THE COMPANY

Formulation, implementation or adjustment of profit distribution policy of ordinary shares (especially the cash dividend policy) during the Reporting Period

Applicable     Not applicable

The Company has adopted a stable dividend distribution policy in strict compliance with its relevant commitments in its H share listing document and Articles of Association. At present, the Company distributes dividend to Shareholders once a year, namely the final dividend, and the total profit distributed in the form of cash dividend shall not be less than 30% of the average annual distributable profit of the Company in the last three years. The Company's stable and active dividend distribution policy has received welcome from its Shareholders and fully protects the interests of its minority Shareholders. The Articles of Association specifically stipulates the Company's dividend distribution: the Company's final dividend will be determined at the Shareholders' meeting by ordinary resolutions. The Company is in strict compliance with all relevant provisions under the Articles of Association over the years for its decision-making on dividend distribution. The Company strives to achieve outstanding operating results and a good return for its Shareholders.

Both of the Company's plan for profit distribution and plan for conversion of capital reserves into share capital comply with the Company's Articles of Association and other relevant provisions during the Reporting Period.

#### Particulars of Cash Dividend Policy

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

The Company's profit distribution plans and the conversion plans of conversion of capital reserves into share capital in the past three years (the Reporting Period inclusive):

- The dividend payment plan for the year of 2016: based on the total share capital of the Company as at the dividend payment record date for the year of 2016, we distributed RMB0.6 in cash (including tax) for every 10 shares. For illustration only, if calculated based on the total share capital of 2,978,576,986 shares of the Company as at 31 December 2016, it is expected that a total dividend of RMB179.887 million will be distributed. The proposed dividend is expected to be payable on or around 20 July 2017. The annual dividend-distribution plan for 2016 shall be submitted to the Company's annual general meeting for consideration and approval.

## Chapter VIII

### Significant Events

- The dividend payment plan for the year of 2015: based on the total share capital of the Company as at the dividend payment record date for the year of 2015, we distributed RMB2.20 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB654.822 million.
- The dividend payment plan for the year of 2014: based on the total share capital of the Company as at the dividend payment record date for the year of 2014, we distributed RMB3.10 in cash (including tax) for every 10 shares, amounting to a total dividend of RMB833.748 million.

### Cash dividend payments of ordinary shares of the Company for the past three years (including the Reporting Period)

Unit: RMB thousand

Year	Amount of cash dividend (including tax)	Net profit attributable to ordinary Shareholders of the Company in the consolidated statements of the year declaring	% of net profit attributable to ordinary Shareholders of the Company in the consolidated statements	Amount of cash dividend in other ways	% of cash dividend in other ways
2016 (Proposal)	179,887	539,660	33.33%	0	0
2015	654,822	2,026,613	32.33%	0	0
2014	833,748	2,477,802	33.65%	0	0

The Company recorded a profit during the Reporting Period, and the profit distributable to the ordinary Shareholders of the Company was positive. However, the Company did not propose a cash dividend distribution plan of ordinary shares

Applicable     Not applicable

Chapter VIII  
Significant Events**II. PROPOSAL OF PROFIT DISTRIBUTION AND SHARE CAPITAL INCREASE BY WAY OF TRANSFER FROM CAPITAL RESERVES DURING THE REPORTING PERIOD**

Applicable     Not applicable

Number of bonus shares for every 10 shares (share)	0
Amount of dividend for every 10 shares (RMB) (including tax)	0.60
Number of shares converted for every 10 shares (share)	0
Basis of share capital of distribution plan (share)	2,978,576,986
Total cash dividend (RMB) (including tax)	179,887,000
Distributable profit (RMB)	2,380,348,000
% of cash dividend in total profit distribution	100%

**Description of cash dividend**

Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution when distributing its profits.

Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution when distributing its profits.

**Description of details of profit distribution or conversion of capital reserves into share capital**

Based on the Group's 2016 operation results and taking into account the Group's overall financial position and cash flows situation, the Board recommended a final dividend of RMB0.06 per share (including applicable taxes) for the year of 2016. The final dividend of 2016 is subject to Shareholders' approval at the annual general meeting.

## Chapter VIII

### Significant Events

### III. PERFORMANCE OF COMMITMENTS

#### 1. Commitments Performed during the Reporting Period and Not Fulfilled as at the End of the Reporting Period by the Company, Shareholders, the De Facto Controller, Acquirer, Director, Supervisor, Senior Management or Other Related Parties

Applicable     Not applicable

Commitment	Promisor	Contents of commitment	Date of commitment	Commitment period	Implementation
Other commitments made to minority shareholders of the Company	The Company	In accordance with the relevant regulations, domestic residents are not eligible to purchase foreign stocks directly, so, 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 the shares of the Company and other H shares or other overseas stocks, and also after the sales of H shares of the Company, the sales income must be timely transferred to the mainland. The Company promises domestic residents that before they are free to purchase overseas stocks, the Company will not finance by the means of allotment	2012/8/15	Before domestic residents are free to buy overseas stocks	In progress
	The Company	Shareholders' bonus return plan (2016 to 2018)	2016/4/8	2016 to 2018	In progress
The commitment is fulfilled in a timely manner or not	Yes				

#### 2. The Company has Made Profit Forecasts on its Assets or Projects, and the Profit Forecast Period is within the Reporting Period. The Company has To State Whether the Original Profit Forecasts on Assets or Projects are Fulfilled and the Reasons Therefore

Applicable     Not applicable



Chapter VIII  
Significant Events**IV. APPROPRIATION OF THE COMPANY'S FUNDS BY CONTROLLING SHAREHOLDERS AND THEIR RELATED PARTIES FOR NON-OPERATING PURPOSES**

Applicable     Not applicable

There was no appropriation of funds of the Company for non-operating purposes by controlling Shareholders and their related parties during the Reporting Period.

**V. STATEMENTS OF THE BOARD, THE SUPERVISORY COMMITTEE AND THE INDEPENDENT DIRECTORS ON THE "NON-STANDARD AUDITING REPORT" ISSUED BY THE ACCOUNTANT DURING THE REPORTING PERIOD**

Applicable     Not applicable

**VI. EXPLANATION OF CHANGES IN ACCOUNTING POLICIES, ACCOUNTING ESTIMATES AND AUDIT METHOD IN COMPARISON WITH THE FINANCIAL REPORT OF THE PREVIOUS YEAR**

Applicable     Not applicable

**Changes in critical accounting policies:** the measurement of investment properties was changed from cost mode to fair value mode.

As considered and approved by the Board and the Supervisory Committee of the Company on 29 December 2016, in accordance with the requirements under Accounting Standards for Business Enterprises No.3 – Investment Properties and the Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Estimates and Corrections of Errors, and in order to provide more reliable and more relevant accounting information, the measurement of investment properties of the Group was changed from cost mode to fair value mode. The date of the change in accounting policy shall be the date on which the same was considered and approved by the Board.

In accordance with the requirements of above-mentioned standards, under the fair value measurement model, no provision for depreciation or amortisation of investment properties will be made, instead, the carrying amount of investment properties will be adjusted based on their fair value as at the balance sheet date, and the difference between the fair value and the initial carrying amount will be included in profit or loss of the period. Enterprises should account the change from cost mode to fair value mode as changes in account policies, and adjust the retained earnings at the beginning of the period based on the difference between the fair value and carry amount when measurement mode changes. When fair value mode is adopted for the measurement of investment properties, a change to the cost mode from the fair value mode is not allowed. For details, please refer to note II. 33 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report.

**VII. EXPLANATION OF RETROSPECTIVE RESTATEMENT FOR ADJUSTMENT OF SIGNIFICANT ACCOUNTING ERRORS OCCURRED DURING THE REPORTING PERIOD**

Applicable     Not applicable

During the reporting period, there were no retrospective restatements for significant accounting errors occurred to the Company.

## Chapter VIII Significant Events

### VIII. EXPLANATION OF CHANGES IN THE SCOPE OF CONSOLIDATED STATEMENTS IN COMPARISON WITH FINANCIAL REPORT OF PREVIOUS YEAR

Applicable     Not applicable

Please refer to note V to “Chapter XIII Financial Statements Prepared in Accordance with CASBE” as set out in this Report for enterprise merger and newly set up companies.

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

#### The firm of accountants engaged currently

The engaged firm of accountants in the mainland	PricewaterhouseCoopers Zhong Tian LLP
Payment for the accountants during the Reporting Period	RMB14,070,000 (including: the auditing fees amounting to RMB12,670,000 and the auditing fees for the internal control amounting to RMB1,400,000)
Continuing service year of the accountants	5 years
CPA of the accountants	Cao Cuili, Cai Zhifeng

Whether to appoint another accounting firm during the Reporting Period

Yes     No

The Company did not change its auditor over the past four years.

Particulars on recruitment of accounting firms, financial consultants or sponsors for internal control and auditing purposes

Applicable     Not applicable

During the Reporting Period, the Company engaged PricewaterhouseCoopers Zhong Tian LLP as its accounting firm for internal control and auditing purposes. The auditing fees for internal control in 2016 were RMB1.40 million.

### X. SUSPENSION IN TRADING OR DELISTING UPON PUBLICATION OF ANNUAL REPORT

Applicable     Not applicable

### XI. BANKRUPTCY OR REORGANISATION RELATED ISSUES

Applicable     Not applicable

During the reporting period, there were no bankruptcy or reorganisation related issues of the Company.

Chapter VIII  
Significant Events**XII. MATERIAL LAWSUITS AND ARBITRATIONS**

Applicable     Not applicable

During the reporting period, there were no material lawsuits or arbitrations of the Company.

**XIII. PENALTIES AND REMEDIES**

Applicable     Not applicable

During the reporting period, there were no penalties or remedies of the Company.

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

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.

**XV. IMPLEMENTATION OF THE COMPANY'S SHARE OPTION INCENTIVE SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER EMPLOYEE INCENTIVE MEASURES****1. A Share(s) Share Option Incentive Scheme of the Company**

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

Upon the consideration and approval at the eighth meeting of the seventh session of the Board in 2015, the second exercisable period for the First Tranche of Share Options has met the exercise conditions on 12 May 2015 and its actual exercisable period was from 2 June 2015 to 27 September 2020 with the total exercisable options amounting to 39,660,000. Upon the consideration and approval at the fourteenth meeting of the seventh session of the Board in 2015, the second exercisable period for the Second Tranche of Share Options has met the exercise conditions on 9 October 2015 and its actual exercisable period was from 24 October 2015 to 27 September 2020 with the total exercisable options amounting to 4,132,500. As at 26 July 2016, upon the consideration and approval at the fifth meeting of the eighth session of the Board in 2016 and the implementation on 20 July 2016 of the annual dividend distribution plan of the Company for 2015, the adjusted option exercise price for the First and Second Tranche of Share Options is RMB10.55 and RMB16.08, respectively. For relevant information about the participants, the number of options and the price of options, please refer to the announcements of the Company (Announcement No.: [CIMC] 2015-026, [CIMC] 2015-027, [CIMC] 2015-058, [CIMC] 2015-059 and [CIMC] 2016-043) published on China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 13 May 2015, 10 October 2015 and 27 July 2016, as well as the relevant announcements published on the website of the Hong Kong Stock Exchange.

## Chapter VIII

### Significant Events

During the Reporting Period, a total of 757,300 options were exercised under the A Share(s) Share Option Incentive Scheme, representing 1.29% of the total options (after adjustment), among which 717,200 share options of the First Tranche of Share Options were exercised and 40,100 share options of the Second Tranche of Share Options were exercised. The implementation of the A Share(s) Share Option Incentive Scheme had no material impact on the financial conditions and operating results of the Company both during the Reporting Period and in the future.

Movements of the share options, which have been granted under the Scheme mentioned above, in the year as at 31 December 2016 are set out as below:

	Date of grant	Number of underlying shares comprised in A share options					Balance as at 31 December 2016	Exercise price per share (RMB)	Exercise period
		Balance as at 1 January 2016	Exercisable during the year	Exercised during the year	Cancelled during the year	Lapsed during the year			
Director Mai Boliang	2010.9.28	2,850,000	2,850,000	0	0	0	2,850,000	10.55	2015.6.2 to 2020.9.27
Other senior management (Total)	2010.9.28	6,440,000	6,440,000	78,000	0	0	6,362,000	10.55	2015.6.2 to 2020.9.27
Other employees	2010.9.28	12,991,090	12,991,090	639,200	0	0	12,351,890	10.55	2015.6.2 to 2020.9.27
	2011.9.22	3,705,750	3,705,750	40,100	0	0	3,665,650	16.08	2015.10.24 to 2020.9.27
Total	-	25,986,840	25,986,840	757,300	0	0	25,229,540	-	-

## 2. Share Option Incentive Scheme of the Subsidiary CIMC Enric:

CIMC Enric approved and adopted a share option plan at its extraordinary general meeting held on 12 July 2006. The plan aimed to reward and give benefit to employees, directors and other eligible persons of CIMC Enric for their contributions to CIMC Enric. On 11 November 2009, CIMC Enric granted share options to several eligible persons according to the plan, in order to subscribe totally 43,750,000 ordinary shares ("2009 Enric Share Options"); CIMC Enric granted share options to several eligible persons on 28 October 2011 according to the plan, in order to subscribe totally 38,200,000 ordinary shares ("2011 Enric Share Options"); CIMC Enric granted share options to several eligible persons on 5 June 2014 according to the plan, in order to subscribe totally 38,420,000 ordinary shares ("2014 Enric Share Options"). Please refer to the related announcements of CIMC Enric as well as the regular reports of the Company published on the website of the Hong Kong Stock Exchange.

## Chapter VIII Significant Events

During the Reporting Period, no share option of the 2009 Enric Share Options and the 2011 Enric Share Options was lapsed respectively. 1,816,000 share options of the 2014 Enric Share Options were lapsed. The table below sets out the changes in the share options granted under the share option incentive plan of CIMC Enric in the year as at 31 December 2016:

	Date of Grant	Balance as at 1 January 2016	Number of underlying shares comprised in share options				Balance as at 31 December 2016	Exercise price per share HK\$	Exercise period
			Granted during the year	Exercised during the year	Transferred to/ from other categories during the year	Lapsed during the year			
Directors of CIMC Enric									
Gao Xiang	2009.11.11	1,000,000	-	-	-	-	1,000,000	4.00	2010.11.11-2019.11.10
	2011.10.28	500,000	-	-	-	-	500,000	2.48	2013.10.28-2021.10.27
	2014.06.05	400,000	-	-	-	-	400,000	11.24	2016.06.05-2024.06.04
Liu Chunfeng	2009.11.11	-	-	-	-	-	-	4.00	2010.11.11-2019.11.10
	2011.10.28	400,000	-	-	-	-	400,000	2.48	2013.10.28-2021.10.27
	2014.06.05	400,000	-	-	-	-	400,000	11.24	2016.06.05-2024.06.04
Jin Jianlong	2009.11.11	800,000	-	-	-	-	800,000	4.00	2010.11.11-2019.11.10
	2011.10.28	300,000	-	-	-	-	300,000	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Yu Yuqun	2009.11.11	698,000	-	-	-	-	698,000	4.00	2010.11.11-2019.11.10
	2011.10.28	300,000	-	-	-	-	300,000	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Jin Yongsheng	2009.11.11	500,000	-	-	-	-	500,000	4.00	2010.11.11-2019.11.10
	2011.10.28	300,000	-	-	-	-	300,000	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Wong Chun Ho	2009.11.11	500,000	-	-	-	-	500,000	4.00	2010.11.11-2019.11.10
	2011.10.28	300,000	-	-	-	-	300,000	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Tsui Kei Pang	2011.10.28	300,000	-	-	-	-	300,000	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Zhang Xueqian	2011.10.28	300,000	-	-	-	-	300,000	2.48	2013.10.28-2021.10.27
	2014.06.05	300,000	-	-	-	-	300,000	11.24	2016.06.05-2024.06.04
Employees of CIMC Enric	2009.11.11	8,586,000	-	-	-	-	8,586,000	4.00	2010.11.11-2019.11.10
	2011.10.28	23,836,000	-	(826,000)	-	-	23,010,000	2.48	2013.10.28-2021.10.27
	2014.06.05	31,470,000	-	-	(1,516,000)	-	29,954,000	11.24	2016.06.05-2024.06.04
Other participants	2009.11.11	7,362,000	-	(70,000)	-	-	7,292,000	4.00	2010.11.11-2019.11.10
	2011.10.28	2,197,000	-	(315,000)	-	-	1,882,000	2.48	2013.10.28-2021.10.27
	2014.06.05	4,350,000	-	-	(300,000)	-	4,050,000	11.24	2016.06.05-2024.06.04
<b>Total</b>	-	<b>86,599,000</b>	-	<b>(1,211,000)</b>	<b>(1,816,000)</b>	-	<b>83,572,000</b>	-	-

## Chapter VIII Significant Events

### 3. Implementation of the Equity Trust Scheme of CIMC Vehicle (Group)

An equity trust scheme of the Company's wholly-owned subsidiary CIMC Vehicle (Group) was considered and approved at the general meeting of the Company on 17 October 2007 for implementation. Pursuant to the scheme, the senior management related to the vehicle business of the Company and the key employees of CIMC Vehicle (Group) held 20% equity interests in CIMC Vehicle (Group) by capital increase of RMB220.700 million through China Resources SZITIC Trust Co., Ltd. On 31 May 2016, the 2015 Annual General Meeting of the Company considered and approved the Resolution on Amendment to the Equity Trust Scheme (Draft) of CIMC Vehicle (Group) Co., Ltd. Please refer to the relevant announcements published on the Cninfo website (www.cninfo.com.cn), and the websites of the Hong Kong Stock Exchange and the Company.

## XVI. MATERIAL CONNECTED TRANSACTIONS

### 1. Connected Transactions as Defined by Domestic Laws and Regulations

#### (1) Connected Transactions Relating to Daily Operations

Unit: RMB thousand

Related party	Relationship with the Group	Type of the connected transaction	Details of the connected transaction	Pricing principle	Price	Amount	Proportion to transaction amount of the same category	Approved Cap	Whether approved cap has exceeded	Settlement Method	Available market price of the same transaction category	Disclosure Date	Disclosure index
Y&C Engine Co., Ltd.	Joint venture	Purchase of goods	Purchase of goods	Regular commercial terms	-	301,945	-	-	-	-	-	-	-
Shaanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of a subsidiary	Purchase of goods	Purchase of goods	Regular commercial terms	-	101,317	-	-	-	-	-	-	-
Senju (Shanghai) International Trade Limited	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	76,521	-	-	-	-	-	-	-
Ningguo Guangshen Bamboo Products Co., LTD	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	67,117	-	-	-	-	-	-	-
Xuzhou CIMC Wood Co., Ltd.	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	65,225	-	-	-	-	-	-	-
TSC Group Holdings Limited	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	53,877	-	-	-	-	-	-	-
Fujian Qingchen Bamboo Products Co., LTD	Associated company	Purchase of goods	Purchase of goods	Regular commercial terms	-	42,536	-	-	-	-	-	-	-
Asahi Trading Co., Ltd	Minority shareholder of a subsidiary	Purchase of goods	Purchase of goods	Regular commercial terms	-	19,117	-	-	-	-	-	-	-
Sumitomo Corporation	Minority shareholder of a subsidiary	Purchase of goods	Purchase of goods	Regular commercial terms	-	13,670	-	-	-	-	-	-	-
Other related parties		Purchase of goods	Purchase of goods	Regular commercial terms	-	20,440	-	-	-	-	-	-	-
Other related parties		Receiving of services	Receiving of services	Regular commercial terms	-	7,369	-	-	-	-	-	-	-

Chapter VIII  
Significant Events

Related party	Relationship with the Group	Type of the connected transaction	Details of the connected transaction	Pricing principle	Price	Amount	Proportion to transaction amount of the same category	Approved Cap	Whether approved cap has been exceeded	Settlement Method	Available market price of the same transaction category	Disclosure Date	Disclosure index
Shaanxi Heavy Duty Automobile Co., Ltd.	Minority shareholder of a subsidiary	Sale of goods	Sale of goods	Regular commercial terms	-	247,240	-	-	-	-	-	-	-
Florens Maritime Limited	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	124,800	-	-	-	-	-	-	-
Sumitomo Corporation	Minority shareholder of a subsidiary	Sale of goods	Sale of goods	Regular commercial terms	-	159,688	-	-	-	-	-	-	-
Florens Container Corporation S.A.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	22,700	-	-	-	-	-	-	-
Dong Fang International Container (Lianyungang) Co., Ltd.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	42,518	-	-	-	-	-	-	-
Dong Fang International Container (Jinzhou) Co., Ltd.	Subsidiary of significant Shareholder	Sale of goods	Sale of goods	Regular commercial terms	-	19,454	-	-	-	-	-	-	-
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd.	Joint venture	Sale of goods	Sale of goods	Regular commercial terms	-	8,359	-	-	-	-	-	-	-
NYK Zhenhua Logistics (Tianjin) Co., Ltd.	Joint venture	Sale of goods	Sale of goods	Regular commercial terms	-	228	-	-	-	-	-	-	-
Ningxia Changming Natural Gas Development Co., Ltd.	Associated company	Sale of goods	Sale of goods	Regular commercial terms	-	8,645	-	-	-	-	-	-	-
Other related parties		Sale of goods	Sale of goods	Regular commercial terms	-	27,777	-	-	-	-	-	-	-
Other related parties		Rendering of services	Rendering of services	Regular commercial terms	-	31,404	-	-	-	-	-	-	-
Total					-	1,461,947	-	-	-	-	-	-	-

Details of substantial sales return

Nil

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

Not applicable

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

Not applicable

Chapter VIII  
**Significant Events**

(2) **Connected Transactions Relating to Assets or Equity Interest Acquisition and Disposal**

Applicable     Not applicable

(3) **Connected Transactions Relating to Joint External Investments**

Applicable     Not applicable

(4) **Claims and Liabilities among the Connected Transactions**

Applicable     Not applicable

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

Yes     No

Claims receivable from the related party

Unit: RMB thousand

Related party	Relationship with the Group	Reason	Any appropriation of funds for non-operating purposes	Opening Balance	Amount increased during the current period	Amount recovered during the current period	Interest rate	Interest for the current period	Closing balance
Zhenjiang CIMC Embellish Yu Real Estate Co., LTD	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	-	824,391	-	-	9,830	824,391
Shanghai Fengyang Real Estate Development Co., Ltd.	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	34,204	-	-	-	-	34,204
Nantong New Atlantic Forest Industry Ltd.	Associated company of the Group	Operating borrowings by Shareholders	No	15,026	-	4,397	-	1,223	10,629
Xinyang Wood Hong Kong Co., Ltd.	Associated company of the Group	Operating borrowings by Shareholders in same ratio	No	4,084	277	-	-	-	4,361
Other related parties	-	-	-	6,646	-	6,646	-	454	-
Effect of claims among the connected transactions on the operating results and financial position of the Company		Nil							



## Chapter VIII Significant Events

### Liabilities payable to the 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
Shunde Furi Real Estate Investment Co., Ltd	Minority shareholder of a subsidiary	Operating borrowings by Shareholders	56,237	557	-	-	-	56,794
Gasfin Investment S.A	Minority shareholder of a subsidiary	Operating borrowings by Shareholders in same ratio	39,661	7,329	-	-	1,739	46,990
Other related parties	-	-	-	-	-	-	59	-
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

## 2. Connected Transactions Defined in accordance with the Hong Kong Listing Rules

Details of the continuing connected transactions conducted by the Group during the Reporting Period pursuant to Chapter 14A of the Hong Kong Listing Rules are as follows:

### (1) Continuing Connected Transactions among the Group, COSCO Pacific and COSCO SHIPPING Development under China COSCO Shipping

In December 2015, subsidiaries of China Ocean Shipping (Group) Company ("COSCO") entered into a series of share purchase and sale agreements with subsidiaries of China Shipping (Group) Company ("China Shipping" or "CS") to implement significant asset restructuring ("COSCO and CS Restructuring"), among others: (1) COSCO Shipping (Hong Kong) Co., Limited ("COSCO Shipping HK", a wholly-owned subsidiary of COSCO) transferred its entire equity interest in Long Honour Investments Limited ("Long Honour", an aggregate of 22.76% shares of the Company was directly held or indirectly held through COSCO Container Industries Limited ("COSCO Container Industries"), its wholly-owned subsidiary, by Long Honour) to China Shipping Container Lines (Hong Kong) Co., Limited ("CSHK", a wholly-owned subsidiary of China Shipping Container Lines Co., Ltd), while China Shipping Container Lines Co., Ltd is a non-wholly-owned subsidiary of China Shipping and changed its name to "COSCO SHIPPING Development Co., Ltd." ("COSCO SHIPPING Development") in December 2016; (2) COSCO Pacific Limited ("COSCO Pacific", a 30%-controlled company (as defined under Rule 14A.06 of the Hong Kong Listing Rules) held by COSCO) transferred its entire equity interest in Florens Container Holdings Limited ("Florens") to CSHK.

After the completion of equity interest transfer of Long Honour on 31 March 2016, the ultimate holding company of Long Honour and COSCO Container Industries, substantial Shareholders of the Company, changed from COSCO to China Shipping. In May 2016, SASAC of the State Council gratuitously transferred its entire state-owned interest in China Shipping and COSCO to China COSCO Shipping Co Ltd. ("China COSCO Shipping"). COSCO and CS Restructuring was completed as at the end of September 2016. Therefore, China Shipping (including COSCO SHIPPING Development, CSHK, Long Honour, COSCO Container Industries, etc.) and COSCO (including COSCO Pacific) became subsidiaries of China COSCO Shipping. Since then, China COSCO Shipping indirectly held 432,171,843 A Shares and 245,842,181 H Shares of the Company, representing 22.76% of the total share capital of the Company, through Long Honour and COSCO Container Industries.

## Chapter VIII

### Significant Events

#### (a) Continuing connected transactions under COSCO Pacific 2015-2017 Framework Agreement

On 18 December 2014, the Company entered into a framework agreement with COSCO Pacific in respect of providing commodities ("COSCO Pacific 2015-2017 Framework Agreement"), pursuant to which, both parties agreed that the Group would provide commodities (including but not limited to containers) to COSCO Pacific and its subsidiaries (collectively "COSCO Pacific Group") and reached an agreement on the annual caps for the years ending 31 December 2015, 2016 and 2017. Principal terms of the agreement are as follows:

**Principle of price determination:** The prices and charges of the commodities provided by the Group to COSCO Pacific Group shall be fair and reasonable and be determined according to the following principles:

- (a) where the bidding process is required, such bidding pricing;
- (b) where there is no bidding process, the Group will make reference to the market price (including the comparable local, domestic or international market price) based on the commodities' type and quality. The market price in the industry will be collected by the business departments of the Group through independent third parties such as industry associations; or
- (c) where neither of the above prices is applicable or where it is not practicable to apply the above pricing policies, the Group will negotiate with the COSCO Pacific Group on arm's length basis after considering the cost, technology, quality and volume of the commodities and the historical prices of the relevant commodities. The prices and terms will not be less favourable to the Group than those of the Group offered the similar commodities to independent third parties.

In order to ensure the continuing connected transaction will be conducted on normal commercial terms and in the interests of the Group and the Shareholders as a whole, the Group regularly reviews, monitors and benchmarks with the industry the gross profit margin in respect of the sale of the commodities. The Group also conducts monthly and quarterly reviews of the profit level of the commodities sold to the COSCO Pacific Group.

**Termination:** The agreement is valid for three years commencing from 1 January 2015 to 31 December 2017 (both dates inclusive). During the term of the agreement, each of the parties can serve not less than three months prior written notice to the other party to terminate any specific agreement under the agreement or the agreement itself.

**Total trading amount in 2016:** according to the COSCO Pacific 2015-2017 Framework Agreement, the annual trading cap for the year ended 31 December 2016 in respect of commodities provided to COSCO Pacific Group by the Group was RMB1,800,000,000. The actual total transactions during the Reporting Period were RMB5,554,000, within the upper annual transaction limit.

**Description of the connected (related) relationship between the parties to the transactions:** prior to or after the COSCO and CS Restructuring, COSCO Pacific is a 30%-controlled company held by the controlling shareholder of COSCO Container Industries, a substantial Shareholder of the Company. Therefore, prior to or after the COSCO and CS Restructuring, COSCO Pacific and each of its subsidiaries are connected persons of the Company under Chapter 14A of the Hong Kong Listing Rules. The transaction contemplated under the COSCO Pacific 2015-2017 Framework Agreement between the Group and COSCO Pacific Group constitutes a continuing connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. According to Chapter 10 of the Shenzhen Listing Rules, the relationship between COSCO Pacific and the Company constitutes a related relationship, and the transaction under the COSCO Pacific 2015-2017 Framework Agreement between the Group and COSCO Pacific Group also constitutes an ordinary related transaction. Please refer to the Company's announcement published on 18 December 2014 and circular released on 6 January 2015 for relevant details.

Chapter VIII  
Significant Events

**Purpose of the transactions:** the COSCO Pacific Group is one of the global leading providers of container leasing and management service. Taking into account of the long-term reliable business relationships between the Group and the COSCO Pacific Group, the Directors (including the independent non-executive Directors) consider that it is beneficial to the Group to conduct the continuing connected transaction which is conducive to facilitating the Group's principal business. The Directors (including the independent non-executive Directors) consider that the terms of the COSCO Pacific 2015-2017 Framework Agreement (including the proposed annual caps) are fair and reasonable, the continuing connected transaction (including the proposed annual caps) is on normal commercial terms or better and in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

**(b) Continuing connected transactions under COSCO SHIPPING Development 2016 Framework Agreement**

On 24 August 2016, the Company entered into a framework agreement of commodity sales with COSCO SHIPPING Development ("COSCO SHIPPING Development 2016 Framework Agreement"), pursuant to which, the Group agreed to provide commodities (including but not limited to containers) to COSCO SHIPPING Development and its subsidiaries (collectively "COSCO SHIPPING Development Group") and both parties reached an agreement on expected trading cap for the year ended 31 December 2016. During the period from 1 April to 23 August 2016, transactions with COSCO SHIPPING Development were continued to be conducted with reference to the framework agreement of commodity sales between the Group and COSCO Pacific. Principal terms of the agreement are as follows:

Principle of price determination:	<p>The prices of the relevant commodities provided by the Group to COSCO SHIPPING Development Group shall be fair and reasonable and be determined according to the following principles:</p> <ul style="list-style-type: none"><li>(a) where the bidding process is required, such bidding pricing;</li><li>(b) where there is no bidding process, the Group will make reference to the market price (including the comparable local, domestic or international market price). The market price will be collected through independent industry associations based on the commodities' type and quality; or</li><li>(c) where neither of the above prices is applicable or where it is not practicable to apply the above pricing policies, the Group will negotiate with the COSCO SHIPPING Development Group on arm's length basis after considering the cost, technology, quality and volume of the commodities and the historical prices of the relevant commodities, and the terms will not be less favourable to the Group than those of the Group offered the similar commodities to independent third parties.</li></ul>
Payment:	Payments will be made in accordance with provisions in the specific agreements to be entered into between relevant members of the COSCO SHIPPING Development Group and the relevant members of the Group under the agreement.
Termination:	The valid period of the COSCO SHIPPING Development 2016 Framework Agreement was expired on 31 December 2016. During the term of the COSCO SHIPPING Development 2016 Framework Agreement, each of the parties can serve a written notice not less than three months to the other party to terminate the COSCO SHIPPING Development 2016 Framework Agreement or any specific agreement to be entered pursuant to the provisions thereunder.

**Total trading amount in 2016:** According to the COSCO SHIPPING Development 2016 Framework Agreement, the annual trading cap for 2016 between the Group and COSCO SHIPPING Development Group was RMB290,000,000. The actual total transactions during the Reporting Period were RMB212,785,000, within the upper annual transaction limit.

## Chapter VIII

### Significant Events

**Description of the connected (related) relationship between the parties to the transactions:** as at the end of the Reporting Period, COSCO SHIPPING Development is the controlling shareholder of COSCO Container Industries, a substantial Shareholder of the Company. Under Chapter 14A of the Hong Kong Listing Rules, COSCO SHIPPING Development and its subsidiaries are connected persons of the Company, and the transaction contemplated under the COSCO SHIPPING Development 2016 Framework Agreement constitutes a continuing connected transaction of the Company. According to Chapter 10 of the Shenzhen Listing Rules, the relationship between COSCO SHIPPING Development and the Company constitutes a related relationship, and the transaction under the COSCO SHIPPING Development 2016 Framework Agreement between the Company and COSCO SHIPPING Development also constitutes an ordinary related transaction. Please refer to the Company's announcement published on 24 August 2016 for relevant details.

**Purpose of the transactions:** after the COSCO and CS Restructuring, COSCO SHIPPING Development is principally engaged in integrated financial services with diversified leasing businesses such as vessel leasing, container leasing and non-shipping finance leasing as core. Taking into account of the long-term reliable business and cooperative relationships between the Group and certain subsidiaries of COSCO SHIPPING Development (including Florens), it is beneficial to the Group to enter into the COSCO SHIPPING Development 2016 Framework Agreement and continue the relevant transaction which is conducive to facilitating the operation and growth of the Group's principal business (including containers manufacturing). The Directors (including the independent non-executive Directors) consider that the terms of the COSCO SHIPPING Development 2016 Framework Agreement (including the proposed annual cap) are fair and reasonable, the continuing connected transaction/ordinary related transaction (including the proposed annual cap) is on normal commercial terms or better and in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

#### **Internal control measures in respect of continuing connected transactions:**

The Group has established a series of measures and policies, including contract policies, connected transaction management methods and internal control assessment and management methods, to ensure that the relevant continuing connected transactions/ordinary related transactions will be conducted in accordance with the COSCO Pacific 2015-2017 Framework Agreement and/or COSCO SHIPPING Development 2016 Framework Agreement. The Company's auditing and monitoring department and the Audit Committee of the Board will conduct random internal assessments on the internal control measures of the Company, to ensure that the internal control measures in respect of the continuing connected transactions/ordinary related transactions remain complete and effective. The Company's external auditors will conduct an annual audit on the Company's internal control measures, and an annual review on the continuing connected transactions/ordinary related transactions under the COSCO Pacific 2015-2017 Framework Agreement and COSCO SHIPPING Development 2016 Framework Agreement pursuant to the requirements under the Hong Kong Listing Rules.

#### **Independent non-executive Directors' confirmation:**

In relation to the continuing connected transactions/ordinary related transactions between the Group and COSCO Pacific Group and COSCO SHIPPING Development Group under China COSCO Shipping during the Reporting Period, the independent non-executive Directors of the Company have reviewed and confirmed that:

- The transactions mentioned above have met requirements of the relevant laws and regulations as well as the Articles of Association, have been conducted on a fair, open and just basis and have been audited through relevant procedures, and no acts have been found which are detrimental to the interests of the Company and the Shareholders, especially the minority Shareholders;
- The transactions mentioned above have been entered into in the ordinary and usual course of business of the Group;

## Chapter VIII Significant Events

- The transactions mentioned above have been entered into on normal commercial terms or better terms; and
- The transactions mentioned above have been entered into in accordance with the terms of relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

### Auditor's confirmation:

The auditors of the Company have reviewed the continuing connected transactions mentioned above during the Reporting Period and have confirmed with the Board in relation thereto that:

- Nothing has come to auditors' attention that causes them to believe that such continuing connected transactions as disclosed above have not been approved by the Board;
- In relation to the transactions regarding provision of commodities or services by the Group, nothing has come to auditors' attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- Nothing has come to auditors' attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the agreements in relation to such transactions; and
- In relation to the total transaction amounts of the continuing connected transactions, nothing has come to auditors' attention that causes them to believe that the actual transaction amounts of the continuing connected transactions exceeded the annual caps disclosed by the Company.

### (c) Renewal of continuing connected transactions with COSCO SHIPPING Development

Due to the COSCO SHIPPING Development 2016 Framework Agreement was to expire on 31 December 2016, the Company entered into a new Sale of Commodities Framework Agreement on 11 November 2016 with COSCO SHIPPING Development ("COSCO SHIPPING Development New Framework Agreement"), pursuant to which, the Group agreed to continue to provide commodities (including but not limited to containers) to COSCO SHIPPING Development Group and both parties reached an agreement on the estimated annual transaction amount caps for the years ending 31 December 2017, 2018 and 2019. The term of COSCO SHIPPING Development New Framework Agreement is valid to 31 December 2019. For details on the renewal of continuing connected transactions and the COSCO SHIPPING Development New Framework Agreement, please refer to the announcements published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 11 November 2016.

## (2) Connected Transactions and Related-Party Transactions

For details of the Group's connected transactions and related-party transactions during the Reporting Period, please refer to note VIII. 5 to "Chapter XIII Financial Statements Prepared in Accordance with CASBE" in this Report. Except for the continuing connected transactions as disclosed in this section, there are no other connected transactions required to be disclosed pursuant to Chapter 14A of the Hong Kong Listing Rules.

## Chapter VIII

### Significant Events

## XVII. MATERIAL CONTRACTS AND THEIR PERFORMANCES

### 1. Trusteeship, Contracting or Leasing

#### (1) Trusteeship

Applicable     Not applicable

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

#### (2) Contracting

Applicable     Not applicable

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

#### (3) Leasing

Applicable     Not applicable

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

Chapter VIII  
Significant Events

## 2. Material Guarantees

√ Applicable    □ Not applicable

### (1) Description of Guarantees

Unit: RMB thousand

External guarantees undertaken by the Company and its subsidiaries (excluding guarantees for subsidiaries)								
Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related party guarantee or not
Customers and dealers of subsidiaries of CIMC Vehicle (Group)	2 April 2016	4,250,000	1 January 2016	1,031,416	Warrantice	1-2 years	No	No
Customers and dealers of C&C Trucks and its controlling subsidiaries	2 April 2016	2,000,000	1 January 2016	386,879	Warrantice	1-2 years	No	No
Purchasers of commodity houses of CIMC Skyspace Real Estate and its controlling subsidiaries	2 April 2016	740,000	1 January 2016	733,443	Warrantice	1-2 years	No	No
Customers of CIMC Raffles	2 April 2016	382,000	1 January 2016	382,000	Warrantice	1-2 years	No	No
Total external guarantee facilities approved during the Reporting Period (A1)			3,949,490	Total actual amount of external guarantees during the Reporting Period (A2)				1,512,860
Total external guarantee facilities approved at the end of the Reporting Period (A3)			7,372,000	Total actual balance of external guarantees at the end of the Reporting Period (A4)				2,533,738

The Company's guarantees for subsidiaries								
Name of the guaranteed	Disclosure date of the announcement about the guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related Party Guarantee or not
Subsidiaries of CIMC	2 April 2016	18,521,040	1 January 2016	18,055,770	Warrantice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (B1)			1,173,030	Total actual amount of guarantees for subsidiaries during the Reporting Period (B2)				7,537,660
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (B3)			18,521,040	Total actual balance of guarantees for subsidiaries at the end of the Reporting Period (B4)				18,055,770

## Chapter VIII

### Significant Events

Unit: RMB thousand

Subsidiaries' guarantees for subsidiaries								
Name of the guaranteed	Disclosure date of the announcement about guarantee facilities	Guarantee facilities	Actual date (date of the agreement)	Actual amount of guarantee	Type of guarantee	Guarantee period	Fulfilled or not	Related Party Guarantee or not
Guarantee of one subsidiary for another	2 April 2016	5,841,670	1 January 2016	4,037,460	Warrantice	1-2 years	No	No
Total guarantee facilities for subsidiaries approved during the Reporting Period (C1)			654,670	Total actual guarantee amount for subsidiaries during the Reporting Period (C2)				510,310
Total guarantee facilities for subsidiaries approved at the end of the Reporting Period (C3)			5,841,670	Total actual guarantee balance for subsidiaries at the end of the Reporting Period (C4)				4,037,460
Total guarantee of the Company (total of the above three items)								
Total guarantee facilities approved during the Reporting Period (A1+B1+C1)			5,777,190	Total actual guarantee amount during the Reporting Period (A2+B2+C2)				9,560,830
Total guarantee facilities approved at the end of the Reporting Period (A3+B3+C3)			31,734,710	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)				24,626,968
% of total actual guarantee amount (A4+B4+C4) in net assets of the Company				84.09%				
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 with a gearing ratio of over 70% (E)								9,272,200
Amount of total guarantee amount in excess of 50% of net assets of the Company (F)								9,983,983
Total amount of the above three guarantees (D+E+F)								19,256,183
Guarantees which are not due but have incurred guarantee liability or are likely to incur joint settlement liability during the Reporting Period (if any)								0
Guarantees provided to the external parties in violation of the procedures (if any)								0

#### Guarantees provided in a combined manner:

No guarantee was provided in a combined manner during the Reporting Period.

#### (2) Illegal External Guarantees

Applicable     Not applicable



Chapter VIII  
Significant Events

### 3. Entrusted Cash or Assets Management

#### (1) Entrusted Wealth Management

Applicable     Not applicable

#### (2) Entrusted Loans

Applicable     Not applicable

Unit: RMB thousand

Borrower	Related party transaction or not	Interest rate	Amount	Commencing date	Termination date	Actual principal amount recovered during the Reporting Period	Amount provided for impairment (if any)	Estimated returns	Actual profit or loss during the Reporting Period	Actual amount of profit or loss recovered during the Reporting Period
Shenzhen Pengsangpu Energy Services Co., Ltd.	No	9.00%	6,800	2014/1/21	2018/12/24	1,760	1,075	382	-	-
Fujian Tianlong Steamship Limited	No	10.56%	34,000	2014/8/15	2017/8/11	11,897	82	5,875	1,330	1,330
Xiamen Zhiyuan Automobile Limited	No	7.80%	50,000	2014/10/21	2017/9/28	16,666	125	6,240	1,276	1,276
Fujian Tianlong Steamship Limited	No	10.56%	34,000	2014/11/21	2017/10/21	11,491	105	5,703	1,516	1,516
Total		-	124,800	-	-	41,814	1,387	18,200	4,122	-
Source of funds for entrusted loans										Borrowings from the Group
Aggregate amount of overdue and outstanding principal and return										Nil
Litigation incurred (if applicable)										Nil
Date of announcement of the Board regarding the approval of entrusted loans (if any)										Nil
Date of announcement of the general meeting regarding the approval of entrusted loans (if any)										Nil
Whether there is any future plan of entrusted loans										Nil

### 4. Other Material Contracts

Applicable     Not applicable

Chapter VIII  
**Significant Events**

**XVIII. SOCIAL RESPONSIBILITY**

**1. Performance of Precise Poverty-alleviation Social Responsibility**

Applicable     Not applicable

**2. Performance of Other Social Responsibilities**

The Company has published the full text of its social responsibility report in Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) on 27 March 2017.

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

Whether the Company publishes social responsibility report

Yes     No

Nature of the Company	Social responsibility report			Report disclosure standards	
	whether includes information on environment	whether includes information on society	whether includes information on corporate governance	Domestic standards	Foreign standards
Others	Yes	Yes	Yes	GSRI-CHINA2.0	GRI

**Detailed description:**

1.	Whether the Company received environmental management system certification (ISO 14001)	No
2.	The annual expense of the Company in respect of environmental protection (RMB thousand)	92,000

Chapter VIII  
**Significant Events**

Detailed description:

---

3. The Company's emissions performance of "waste gas, waste water and waste residue"
- (1) Waste gas:
- a. Huajun Vehicle built a new sewage treatment station and purchased, installed and put into use new sewage treatment equipment and ancillary facilities, which has passed the acceptance test by the local environmental protection authorities.
- (2) Waste water:
- a. Southern CIMC rolled out an upgrade for its water-based paint production line, whereby it improved the spraying process, i.e., replacing the solvent-based paint with water-based paint, according to VOC emission reduction requirements, and fulfilled the requirements on VOC remediation.
- b. Longkou Raffles tube processing plant spent RMB388,000 on the dust removing equipment, covering 8 welding stations in the carbon steel workshop and 6 welding stations in the stainless steel workshop. The equipment features a design of centralised dust removing with absorption arms, which effectively cleaned the workshop environment and improve the air quality around the plant.
- c. Jiangmen CIMC rolled out the exhaust treatment campaign for its conventional product coating line, which used to discharge the exhaust gas directly into the atmosphere, and had the exhaust gas treatment device (the activated carbon adsorption and online regeneration device) installed in the painting room, with which the exhaust gas will be treated by activated carbon adsorption before being discharged into the atmosphere, resulting in reduced pollutant emission. The device can regularly perform exhaust gas desorption for the activated carbon, so as to regenerate the activated carbon for repeated use.
- (3) waste residue:
- Nantong CIMC Tank has established two dedicated turnover centres for solid waste, which are equipped with "floating-prevention, leakage-prevention and loss-prevention" measures operated by dedicated staff. With the turnover centres, it has achieved the classification, collection and storage of hazardous waste in compliance with the relevant environmental protection regulations.
4. The Company's expense on personal knowledge and skill improvement of the employee to enhance their professional development capability (RMB thousand) 9,000
5. The Company's social charity donations (money, material and no-paid professional service) (RMB thousand) 1,301
-

## Chapter VIII Significant Events

### XIX. EXPLANATION ON OTHER MATERIAL EVENTS

1. On 31 March 2016, the transaction for CSHK, a wholly-owned subsidiary of COSCO SHIPPING Development to purchase the entire equity interest of COSCO HK in Long Honour was completed. On 4 May 2016, SASAC of the State Council gratuitously transferred its 100% interest in China Shipping to China COSCO Shipping. China COSCO Shipping indirectly held 432,171,843 A shares and 245,842,181 H shares of the Company through China Shipping, COSCO SHIPPING Development, Long Honour and COSCO Container Industries, becoming the second largest Shareholder of the Company. For relevant information, please refer to the announcements (Announcement No.: [CIMC] 2016-012 and [CIMC] 2016-027) published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Company's website ([www.cimc.com](http://www.cimc.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 1 April 2016 and 5 May 2016.
2. On 8 April 2016, as considered and approved by the third meeting of the seventh session of the Board for 2016 of the Company, the Company proposed to issue no more than 386,263,593 new A Shares at an issuance price 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 (the "Non-public Issuance of A Shares"). Gross proceeds shall not exceed RMB6.0 billion. The Non-public Issuance of A Shares was approved at the 2015 annual general meeting, the first 2016 A Shareholders' class meeting and the first 2016 H Shareholders' class meeting of the Company held on 31 May 2016. The Company submitted its application for the Non-public Issuance of A Shares to the CSRC on 30 September 2016 and received on 14 October 2016 and 21 November 2016 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. Considering that certain matters in the Feedback still need to be resolved, the Company applied to the CSRC to cancel it on 17 January 2017. For relevant information, please refer to the announcements (Announcement No.: [CIMC] 2016-018, [CIMC] 2016-033, [CIMC] 2016-061, [CIMC] 2016-072 and [CIMC] 2017-002) published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 9 April 2016, 1 June 2016, 15 October 2016, 22 November 2016 and 17 January 2017.
3. On 23 May 2016, the 2011 first tranche of medium term note on the National Inter-bank Bond Market issued by the Company on 20 May 2011 was due and the Company repaid the principal and interests of such note on the maturity date. For relevant information, please refer to the announcements (Announcement No.: [CIMC] 2010-039, [CIMC] 2011-015, [CIMC] 2011-016 and [CIMC] 2016-030) published in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 16 November 2010, 10 May 2011, 19 May 2011 and 24 May 2016.

## Chapter VIII Significant Events

4. On 31 May 2016, the Company considered and approved the Resolution on the Registration and Issuance of Medium Term Notes (including Perpetual Medium Term Notes) and Super & Short-term Commercial Papers in the PRC at the annual general meeting of 2015 which, among others, approved the issuance by the Company of RMB medium term note with a size of not more than RMB6.0 billion. On 11 August 2016, the Company issued the first tranche of the Medium Term Note for 2016 with a size of RMB3.5 billion, a coupon rate of 3.07% and a term of three years. On 22 August 2016, the Company issued 2016 Tranche II Medium Term Notes with a size of RMB2.5 billion, a coupon rate of 3.15% and a term of three years. On 17 October 2016, the Company issued 2016 Tranche III Medium Term Notes (this tranche is RMB perpetual medium term notes) with a size of RMB2.0 billion and a coupon rate of 3.89% for the first three interest-bearing years. For relevant information, please refer to the announcements (Announcement No.: [CIMC] 2016-033, [CIMC] 2016-045, [CIMC] 2016-048 and [CIMC] 2016-063) published in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 1 June 2016, 13 August 2016, 23 August 2016 and 18 October 2016.
5. On 18 August 2016, the Company signed a strategic cooperation framework agreement with Global Logistic Properties Investment Management (China) Co., Ltd., pursuant to which both parties intend to jointly develop their logistic properties business and forge a comprehensive strategic partnership. For relevant information, please refer to the announcement (Announcement No.: [CIMC] 2016-047) published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcement published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 19 August 2016.
6. On 24 August 2016, the Company signed a sales framework agreement with COSCO SHIPPING Development, pursuant to which, the Group agreed to provide commodities (including but not limited to containers) to COSCO SHIPPING Development Group, and agreed on the estimated aggregate transaction amount for the year ended 31 December 2016. On 11 November 2016, the Company entered into a new framework agreement with COSCO SHIPPING Development in respect of supplies of commodities (including but not limited to containers) and agreed on the annual transaction caps from 2017 to 2019. For relevant information, please refer to the announcements (Announcement No.: [CIMC] 2016-050 and [CIMC] 2016-071) published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 25 August 2016 and 12 November 2016.
7. On 1 September 2016, Mr. LAM Yuk Lan, a Supervisor of the Company, has tendered his resignation from the office of the Supervisor representing Shareholder of the Company due to his change of work arrangement. At the first extraordinary general meeting of 2016 of the Company held on 20 December 2016, the resignation of Mr. LAM Yuk Lan was approved and Mr. LV Shengzhou was appointed as a Supervisor representing Shareholder of the eighth session of the Supervisory Committee of the Company. For relevant information, please refer to the announcements (Announcement No.: [CIMC] 2016-054 and [CIMC] 2016-080) published in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 2 September 2016 and 20 December 2016.

## Chapter VIII

### Significant Events

8. On 29 December 2016, the Resolution on the Change in Accounting Policy was considered and approved by the Board and the Supervisory Committee of the Company, respectively, pursuant to which, it is agreed the Company to change the accounting policy on the measurement of its investment property from historical cost measurement to fair value measurement. For relevant information, please refer to the announcement (Announcement No.: [CIMC] 2016-086) published in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcement published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 29 December 2016.

## XX. MATERIAL EVENTS OF SUBSIDIARIES OF THE COMPANY

1. On 21 April 2016, Sharp Vision Holdings Limited, a wholly-owned subsidiary of the Company, engaged DBS Bank Ltd. to make a voluntary unconditional general cash offer to other shareholders of Pteris at S\$0.735/share (later increased to S\$0.85/share). As at the close date of the offer, being 1 September 2016, Sharp Vision Holdings Limited held an aggregate of 299,525,146 or 77.72% shares in Pteris. Pteris was delisted from the Singapore Exchange Limited with effect from 9.00 a.m. on 7 September 2016. For relevant information, please refer to the announcement (Announcement No.: [CIMC] 2016-056) published in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcement published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 8 September 2016.
2. On 7 December 2016, CIMC HK and CIMC Offshore, wholly-owned subsidiaries of the Company, entered into a capital increase agreement with Future Industry Investment Fund, pursuant to which, Future Industry Investment Fund made a capital contribution to CIMC Offshore in US\$ equivalent to RMB1,000.00 million and obtained 15% equity interests in CIMC Offshore in return. For relevant information, please refer to the announcement (Announcement No.: [CIMC] 2016-076) published in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcement published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 7 December 2016.
3. On 20 December 2016, Shanghai CIMC Reefer, a non-wholly-owned subsidiary of the Company, entered into the "Agreement on Compensation for Demolition and Relocation of Non-residential Buildings for Construction of Luodian Residential Community" (《大型居住社區羅店基地(非居住)房屋拆遷補償協議書》) with Shanghai Baoshan Land Reserve Centre (上海市寶山區土地儲備中心). Shanghai Baoshan Land Reserve Centre paid compensation of RMB572,258,463 in relation to the relocation of land of Shanghai CIMC Reefer located at No. 6888, Hutai Road, Baoshan District, Shanghai with an area of 290.55 Mu and the buildings, equipment and auxiliary facilities thereon. For relevant information, please refer to the announcement (Announcement No.: [CIMC] 2016-079) published in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcement published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 20 December 2016.

## Chapter VIII Significant Events

4. On 23 December 2016, CIMC Offshore Engineering signed a partnership agreement with Shenzhen Mangrove Venture Capital Co., Ltd. (深圳紅樹林創業投資有限公司) and China Industrial International Trust Co., Ltd. (興業國際信託有限公司) to jointly establish Tianjin Lanshui Offshore Partnership (Limited Partnership) (天津藍水海洋工程合夥企業(有限合夥)) ("Tianjin Lanshui"). On 28 December 2016, the Company's subsidiary CIMC Qianhai Leasing and Tianjin Yongwang signed a cooperation agreement and a capital increase agreement with Tianjin Lanshui in relation to contribution of additional capital to Tianjin Yongwang and cooperation in the construction of the D90 1# platform and the CR600 platform. For relevant information, please refer to the announcements (Announcement No.: [CIMC] 2016-054, [CIMC] 2016-082 and [CIMC] 2016-083) published in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) and the Company's website ([www.cimc.com](http://www.cimc.com)) and the announcements published in the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on 23 December 2016 and 28 December 2016.

### XXI. CORPORATE BONDS

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

## Chapter IX

# Changes in Share Capital and Information on Shareholders

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

#### 1. Changes in Shareholdings

Unit: Shares

	Pre-movement		Increase/decrease (+/-)					Post-movement	
	Numbers of shares	Percentage	New issue	Conversion			Sub-total	Numbers of shares	Percentage
				Bonus issue	from reserves	Others			
I. Shares with selling restrictions	866,026	0.03%	21,000	0	0	(187,500)	(166,500)	699,526	0.02%
1. State-owned shares	0	0.00%	0	0	0	0	0	0	0.00%
2. Shares held by state-owned companies	0	0.00%	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	866,026	0.03%	21,000	0	0	(187,500)	(166,500)	699,526	0.02%
Shares held by domestic legal persons	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by domestic natural persons	866,026	0.03%	21,000	0	0	(187,500)	(166,500)	699,526	0.02%
4. Shares held by foreign investors	0	0.00%	0	0	0	0	0	0	0.00%
Shares held by foreign legal persons	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	2,976,953,660	99.97%	736,300	0	0	187,500	923,800	2,977,877,460	99.98%
1. RMB-denominated ordinary shares	1,260,377,051	42.32%	736,300	0	0	187,500	923,800	1,261,300,851	42.35%
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	1,716,576,609	57.65%	0	0	0	0	0	1,716,576,609	57.63%
4. Others	0	0.00%	0	0	0	0	0	0	0.00%
III. Total shares	2,977,819,686	100.00%	757,300	0	0	0	757,300	2,978,576,986	100.00%

Reasons for changes in shares during the Reporting Period:

- (1) On 28 March 2016, the Company's senior management Ms. Zeng Beihua resigned. As Zeng Beihua has resigned for more than six months, therefore her 187,500 shares subject to selling restriction was traded freely as at the end of the Reporting Period.
- (2) In January 2016, the Company's vice president Mr. Liu Xuebin exercised 28,000 share options of A Shares, 75% of which (being 21,000 share options) were subject to selling restriction.
- (3) During the Reporting Period, 717,200 options were exercised during the second exercisable period for the First Tranche of Share Option Incentive Scheme (including the options exercised by Mr. Liu Xuebin), and 40,100 options were exercised during the second exercisable period for the Second Tranche of Share Option Incentive Scheme.



Chapter IX

**Changes in Share Capital and Information on Shareholders**

Approval for changes in share capital

Applicable     Not applicable

Transfer for changes in shares

Applicable     Not applicable

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

Unit: RMB/share

Item		Pre-movement in shares	Post-movement in shares
2016	Basic earnings per share	0.14	0.14
	Diluted earnings per share	0.14	0.14
	Net assets per share attributable to ordinary Shareholders of the Company	9.14	9.14

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

Applicable     Not applicable

## Chapter IX

### Changes in Share Capital and Information on Shareholders

#### 2. Changes in Shares with Selling Restrictions

Applicable     Not applicable

Unit: Shares

Name of Shareholders	Number of shares with selling restrictions at the beginning of the period	Number of shares with selling restrictions expired in the period	Increase in number of shares with selling restrictions in the period	Number of shares with selling restrictions at the end of the period	Reasons for selling restrictions	Expiry date of selling restrictions
Mai Boliang <sup>(Note 1)</sup>	371,026	0	0	371,026	Shares are subject to selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	Nil
Liu Xuebin <sup>(Note 2)</sup>	75,000	0	21,000	96,000	Same as above	Nil
Yu Ya <sup>(Note 1)</sup>	75,000	0	0	75,000	Same as above	Nil
Jin Jianlong <sup>(Note 1)</sup>	157,500	0	0	157,500	Same as above	Nil
Zeng Beihua <sup>(Note 3)</sup>	187,500	187,500	0	0	Shares subject to selling restrictions are released from selling restrictions in accordance with relevant provisions of stock exchanges and clearing companies	28 September 2016
<b>Total</b>	<b>866,026</b>	<b>187,500</b>	<b>21,000</b>	<b>699,526</b>	<b>--</b>	<b>--</b>

Note 1: Mr. Mai Boliang totally holds 371,026 shares subject to selling restrictions attributable to executives. Mr. Yu Ya totally holds 75,000 shares subject to selling restrictions attributable to executives. Mr. Jin Jianlong totally holds 157,500 shares subject to selling restrictions attributable to executives. 25% of total shares held by them will be traded freely at the beginning of each year and the unsold part will be included into total shares held by the senior management to calculate the shares with selling restrictions for next year.

Note 2: In January 2016, the Company's vice president Mr. Liu Xuebin exercised 28,000 share options, 75% of which (being 21,000 share options) were subject to selling restriction. 25% of total shares held by him will be traded freely at the beginning of each year and the unsold part will be included into total shares held by the senior management to calculate the shares with selling restrictions for next year.

Note 3: On 28 March 2016, the Company's senior management Ms. Zeng Beihua resigned. As Zeng Beihua has resigned for more than six months, therefore her 187,500 shares subject to selling restriction have been traded freely.

**Changes in Share Capital and Information on Shareholders****II. ISSUE AND LISTING OF SECURITIES****1. Issue of Securities (excluding Preferred Shares) during the Reporting Period**

Applicable     Not applicable

**2. Changes in the Total Number of Shares and Shareholder Structure of the Company, and Changes in Asset and Liability Structure of the Company**

Applicable     Not applicable

During the Reporting Period, an aggregate of 757,300 share options were exercised from the first batch and the second batch of the A Share(s) share options. Please refer to "1. A Share(s) Share Option Incentive Scheme of the Company" of "XV. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" under "Chapter VIII Significant Events" in this Report for details.

**3. Existing Employee Shares**

Applicable     Not applicable

**4. Non-public Issuance of A Shares Plan**

On 8 April 2016, as considered and approved by the third meeting of the seventh session of the Board for 2016 of the Company, the Company proposed to issue no more than 386,263,593 new A Shares (including 386,263,593 shares) at an issuance price no less than RMB13.86 per share to no more than 10 (including 10) qualified investors including domestic institutional investors and individual investors that meet the relevant requirements and conditions. Gross proceeds shall not exceed RMB6.0 billion. The Non-public Issuance of A Shares was approved at the 2015 annual general meeting, the first 2016 A Shareholders' class meeting and the first 2016 H Shareholders' class meeting of the Company held on 31 May 2016. 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 it on 17 January 2017. For relevant information, please refer to the announcements (Announcement No.: [CIMC] 2016-018, [CIMC] 2016-033, [CIMC] 2016-061, [CIMC] 2016-072 and [CIMC] 2017-002) published in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) and the announcements published in the website of the Hong Kong Stock Exchange (www.hkexnews.hk) on 9 April 2016, 1 June 2016, 15 October 2016, 22 November 2016 and 17 January 2017, respectively.

## Chapter IX

### Changes in Share Capital and Information on Shareholders

### III. SHAREHOLDERS AND DE FACTO CONTROLLER

#### 1. Number of Shareholders and Shareholdings of the Company

The total number of Shareholders of the Company as at 31 December 2016 was 77,211, including 77,199 holders of A Shares and 12 registered holders of H Shares. The total number of Shareholders of the Company as at 28 February 2017 (being the end of the month prior to the publication date of 2016 annual report of the Company) was 66,150, including 66,137 holders of A Shares and 13 registered holders of H Shares.

Unit: Shares

Total ordinary Shareholders at the end of the Reporting Period		77,211	Total ordinary Shareholders at the end of the month prior to the publication date of annual report		66,150			
Shareholdings of the Shareholders who held above 5% or the top ten Shareholders at the end of the Reporting Period								
Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Number of shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of shares held with selling restrictions	Number of shares held without selling restrictions	Pledged or frozen shares	
							Status	Number
HKSCC Nominees Limited <sup>1</sup>	Foreign legal person	55.44%	1,651,313,071	220,988,862	-	1,651,313,071	-	-
COSCO Container Industries Limited <sup>2</sup>	Foreign legal person	16.69%	497,271,481	0	-	497,271,481	-	-
China Securities Finance Corporation Limited	State-owned legal person	2.91%	86,667,067	6,252,348	-	86,667,067	-	-
Central Huijin Asset Management Ltd.	State-owned legal person	1.28%	37,993,800	0	-	37,993,800	-	-
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	-	9,566,600	-	-
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	-	9,566,600	-	-
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	-	9,566,600	-	-
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	-	9,566,600	-	-
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	-	9,566,600	-	-
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	0	-	9,566,600	-	-
Strategic investors or ordinary legal persons who became top ten Shareholders due to placing of new shares (if any)			Nil					
Explanation on the relationship or concerted action of the above mentioned Shareholders			Unknown					

Chapter IX

Changes in Share Capital and Information on Shareholders

Shareholdings of top ten Shareholders without selling restrictions at the end of the Reporting Period

Name of Shareholders	Number of shares without selling restrictions held at the end of Reporting Period	Type of shares	
		Type of shares	Number
HKSCC Nominees Limited	1,651,313,071	Overseas listed foreign shares	1,651,313,071
COSCO Container Industries Limited	432,171,843	RMB-denominated ordinary shares	432,171,843
COSCO Container Industries Limited	65,099,638	Overseas listed foreign shares	65,099,638
China Securities Finance Corporation Limited	86,667,067	RMB-denominated ordinary shares	86,667,067
Central Huijin Asset Management Ltd.	37,993,800	RMB-denominated ordinary shares	37,993,800
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	9,566,600	RMB-denominated ordinary shares	9,566,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	9,566,600	RMB-denominated ordinary shares	9,566,600
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	9,566,600	RMB-denominated ordinary shares	9,566,600
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	9,566,600	RMB-denominated ordinary shares	9,566,600
Harvest Fund – Agricultural Bank – Harvest China Securities and Financial Assets Management Program	9,566,600	RMB-denominated ordinary shares	9,566,600
Yinhua Fund – Agricultural Bank – Yinhua China Securities and Financial Assets Management Program	9,566,600	RMB-denominated ordinary shares	9,566,600
Explanation on 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: As at 31 December 2016, HKSCC Nominees Limited was the registered holder of the 1,651,313,071 H shares, including 730,557,217 H shares of the Company held by China Merchants Group Limited (“China Merchants Group”) through its subsidiaries, 25,322,106 H shares of the Company held by China COSCO Shipping through its subsidiary Long Honour, 155,420,437 H shares of the Company held by COSCO Container Industries Limited, and 215,203,846 H shares of the Company held by Hony Capital Management Limited through its subsidiary Broad Ride Limited.

Note 2: As at 31 December 2016, COSCO Container Industries Limited still held 432,171,843 A shares and 65,099,638 H shares which had not been deposited with HKSCC Nominees Limited.

The top ten ordinary Shareholders and the top ten ordinary Shareholders without selling restrictions of the Company haven’t conducted any agreed repurchase transactions during the Reporting Period.

Chapter IX  
**Changes in Share Capital and Information on Shareholders**

**2. Controlling Shareholders of the Company**

Applicable     Not applicable

There is no controlling Shareholder in the Company.

**3. De Facto Controller**

Applicable     Not applicable

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

Whether there are any Shareholders at the ultimate controlling level with shareholdings above 10% in the Company

Yes     No

Name of the corporate Shareholder	Legal representative/ Company leader	Date of establishment	Organisation code	Registered capital	Main business or management activities
China Merchants (CIMC) Investment Limited	Wang Zhixian, Lv Shengzhou, Sun Ligan	17 January 1995	Not applicable	HK\$10,000	Investment, shareholding
COSCO Container Industries Limited (Note)	He Jiale, Meng Qinghui, Su Xiaodong	26 April 2004	Not applicable	US\$50,000	Investment, shareholding

Note: On 31 March 2016, the shareholder of Long Honour, the sole shareholder of COSCO Container Industries, was changed to China Shipping Container Lines (Hong Kong) Co., Limited, a wholly-owned subsidiary of COSCO SHIPPING Development.

Changes in de facto controller during the Reporting Period

Applicable     Not applicable

De facto controller controls the Company through trust or other asset management

Applicable     Not applicable

**4. Other Corporate Shareholders with a Shareholding above 10%**

Applicable     Not applicable

**5. Restrictions on Decrease in Shareholding by Controlling Shareholders, De Facto Controller, Reorganising Parties and Other Undertaking Parties**

Applicable     Not applicable

## Chapter IX

## Changes in Share Capital and Information on Shareholders

#### IV. DISCLOSURE OF SHAREHOLDINGS OF THE SUBSTANTIAL SHAREHOLDERS UNDER THE SECURITIES AND FUTURES ORDINANCE OF HONG KONG

So far as the Directors are aware, as at 31 December 2016, the persons other than a Director, Supervisor or chief executive of the Company who have interests or short positions in the shares or underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance of Hong Kong are as follows:

Name of Shareholder	Nature of shareholding	Number of shares	Capacity	Percentage of such shares in the issued share capital of the same class (%)	Percentage of such shares in the total share capital (%)
China Merchants Group <sup>1</sup>	H Shares	730,557,217 (L)	Interest of corporation controlled by the substantial Shareholder	42.56%	24.53%
China COSCO Shipping <sup>2</sup>	A Shares	432,171,843 (L)	Interest of corporation controlled by the substantial Shareholder	34.24%	14.51%
	H Shares	245,842,181 (L)	Interest of corporation controlled by the substantial Shareholder	14.32%	8.25%
Hony Group Management Limited <sup>3</sup>	H Shares	358,251,896 (L)	Interest of corporation controlled by the substantial Shareholder	20.87%	12.03%
Broad Ride Limited <sup>3</sup>	H Shares	215,203,846 (L)	Beneficial holder	12.54%	7.23%
	H Shares	143,048,050 (L)	Person having security interest in shares	8.33%	4.80%
Promotor Holdings Limited	H Shares	143,048,050 (L)	Beneficial holder	8.33%	4.80%

(L) Long Position

Note 1: China Merchants Group, through its subsidiary (including China Merchants Port Holdings Company Limited ("China Merchants Port", formerly known as China Merchants Holdings (International) Company Limited) and China Merchants (CIMC) Investment Limited, etc.), had an interest in the H shares of the Company, and all the 730,557,217 H shares (long position) were held in the capacity as interest of corporation controlled by the substantial Shareholder.

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

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

Save as disclosed above and so far as the Directors are aware, as at 31 December 2016, no other person (other than a Director, Supervisor or chief executive of the Company) had any interests recorded in the register of interests in shares and short positions required to be kept by the Company pursuant to Section 336 of the Securities and Futures Ordinance of Hong Kong.

## Chapter IX

**Changes in Share Capital and Information on Shareholders****Information on Substantial Shareholders**

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 estates (industrial zone development and real estate development). As of the end of the Reporting Period, China Merchants Group, the first largest substantial Shareholder of the Company, through its subsidiaries (including China Merchants Port and China Merchants (CIMC) Investment Limited, etc.) held 24.53% of the issued shares of the Company.

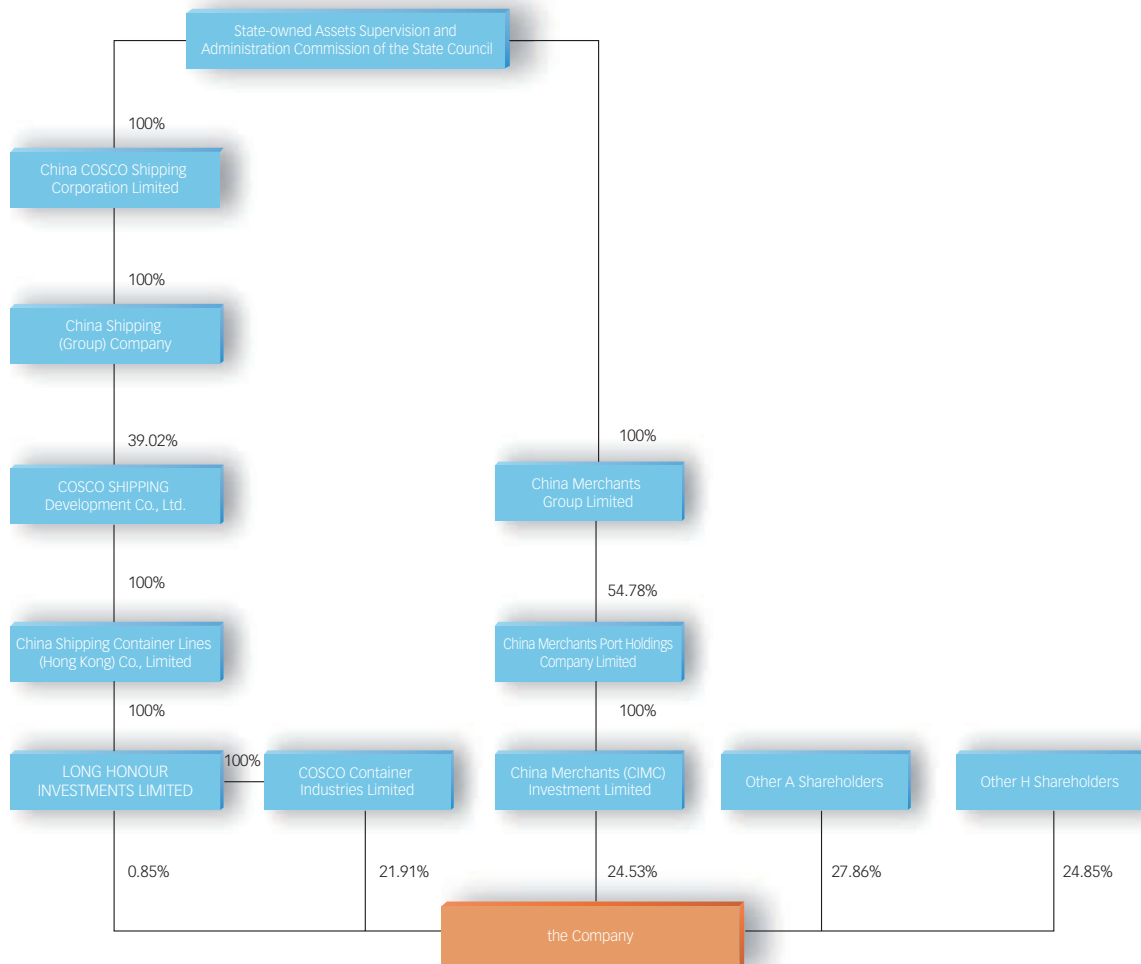
China COSCO Shipping was incorporated on 5 February 2016 in the PRC. Its registered capital is RMB11.0 billion and its legal representative is Mr. Xu Lirong. China COSCO Shipping takes shipping, integrated logistics and related financial service as the pillar to provide global integrated logistics supply chain services among various industrial clusters. On 31 March 2016, COSCO SHIPPING Development completed the acquisition of the entire equity interest in Long Honour through its wholly-owned subsidiary China Shipping Container Lines (Hong Kong) Co., Limited, becoming the second largest Shareholder of the Company indirectly. In May 2016, SASAC of the State Council gratuitously transferred all the state-owned interest in China Shipping, the controlling shareholder of COSCO SHIPPING Development, to China COSCO Shipping. Since then, China COSCO Shipping has become the second largest Shareholder of the Company indirectly. As of the end of the Reporting Period, China COSCO Shipping, the second largest substantial Shareholder of the Company, through its subsidiaries (including China Shipping, COSCO SHIPPING Development, Long Honour and COSCO Container Industries, etc.) held 22.76% 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).



Changes in Share Capital and Information on Shareholders

**V. CHART OF SHAREHOLDING STRUCTURE BETWEEN THE COMPANY AND THE SUBSTANTIAL SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD**

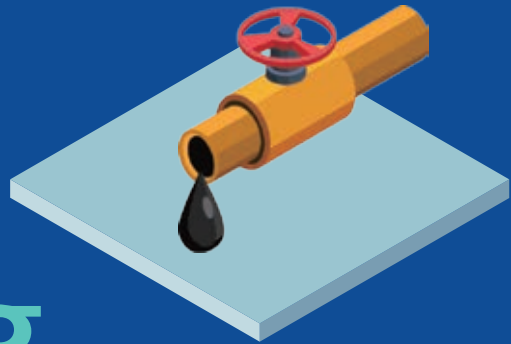
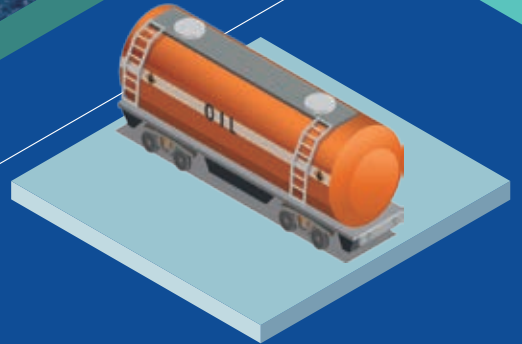


**VI. SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company as of the Latest Practicable Date and within the knowledge of the Directors of the Company, the Directors confirm that, the minimum public float of the Company has satisfied relevant provisions under the Hong Kong Listing Rules.

**VII. RELEVANT INFORMATION ABOUT PREFERRED SHARES**

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



# Offshore Engineering Business



## Chapter X

# Information on Directors, Supervisors, Senior Management and Employees

### I. BRIEF BIOGRAPHY OF THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### 1. Directors

Information on the current Directors is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (shares)	
					31 December 2015	31 December 2016
Wang Hong	M	54	Chairman and non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Wang Yuhang	M	55	Vice chairman and non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Mai Boliang	M	57	Executive Director, CEO and president	from 31 May 2016 to 2018 annual general meeting	494,702 (A Shares)	494,702 (A Shares)
Wang Zhixian	M	51	Non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Liu Chong	M	46	Non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Pan Chengwei	M	70	Independent non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Pan Zhengqi	M	63	Independent non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil
Wong Kwai Huen, Albert	M	65	Independent non-executive Director	from 31 May 2016 to 2018 annual general meeting	Nil	Nil

**Information on Directors, Supervisors, Senior Management and Employees**

## Brief biography of Directors:

**Mr. Wang Hong (王宏)**, aged 54, has been the chairman of the Company since 28 December 2015 and a Director of the Company since April 2007. Mr. Wang Hong has been the deputy general manager of China Merchants Group since March 2015, the general manager of the planning department of China Merchants Group from February 2011 to March 2015, and its chief economist from February 2012 to April 2015. Mr. Wang Hong has also been an executive director of China Merchants Holdings (International) Company Limited (currently renamed as China Merchants Port Holdings Company Limited, the same as blow) (Hong Kong stock code: 144) since May 2005, the chairman of the supervisory committee of China Merchants Energy Shipping Co., Ltd from April 2014 to 16 June 2016, a director of China Merchants Shekou Industrial Zone Holdings Co., Ltd. (招商局蛇口工業區控股股份有限公司) from 26 June to 30 December 2015 and an independent director of Guangzhou Shipyard International Company Limited from June to November 2014. Mr. Wang Hong has been a director of China Merchants Energy Shipping Co., Ltd. (招商局能源運輸股份有限公司) (Shanghai stock code: 601872) from May 2010 to April 2014, and a director of China Merchants Property Development Co., Ltd. (Shenzhen stock code: 000024, also a company listed in Singapore) from April 2011 to July 2014. He worked as vice chairman of Shanghai International Port (Group) Co., Ltd. (Shanghai stock code: 600018) from June 2005 to July 2009, chairman of China Merchants Holdings (Pacific) Limited (a company listed in Singapore) from May 2005 to February 2009, deputy managing director of China Merchants Port Holdings Company Limited (Hong Kong stock code: 144) from 2005 to 2009 and its chief operational officer from 2007 to 2009. Prior to that, Mr. Wang Hong worked as a general manager of performance appraisal department, human resources department and strategic research department of China Merchants Group. He also served as managing director of Hoi Tung Marine Machinery Suppliers Limited, general manager of financial department, shipping department and vice manager of China Communications Import & Export Corporation and the marine engineer of COSCO Guangzhou Ocean Shipping Company (中遠廣州遠洋運輸公司). Mr. Wang Hong graduated from turbine management major in Dalian Maritime University in 1982 and obtained a Master Degree of Business Administration from Graduate School of University of Science and Technology Beijing in 1991 and a Ph.D. degree in management from Gradual School of Chinese Academy of Social Sciences in July 1999.

**Mr. Wang Yuhang (王宇航)**, aged 55, is currently a deputy general manager and party committee member of China COSCO Shipping Corporation Limited. He has held positions in China Ocean Shipping (Group) Company including deputy manager of Personnel Department of Human Resources Division, deputy general manager of Development Division, deputy general manager of Human Resources Division, general manager of Supervision Division, deputy director of Discipline Inspection Commission, deputy director of Supervision Division, director of Legal Office, general manager of Human Resources Division, as well as positions in subsidiary companies including executive vice president of COSCO Americas Inc., acting president of COSCO Americas Inc., deputy general manager and general manager of COSCO Shipbuilding Industry Company, general manager of COSCO Shipyard Group Co., Ltd. and executive vice president and party committee member of COSCO Group. With over 30 years' expertise in shipping industry, Mr. Wang Yuhang has rich experiences in human resources development, discipline inspection and corporate management. He begins his current office in January 2016. Mr. Wang Yuhang obtained his Bachelor's Degree in marine engineering from Dalian Maritime University. He is a senior engineer.

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees**

**Mr. Mai Boliang (麥伯良)**, aged 57, has been the president of the Company since 7 March 1994, CEO and president of the Company since 27 August 2015 and an executive Director of the Company since 8 March 1994. Mr. Mai joined the Company in 1982 and served as manager of Product Technical Department and the deputy manager. Mr. Mai graduated from mechanical engineering of South China University of Technology in July 1982 with a bachelor degree.

**Mr. Wang Zhixian (王志賢)**, aged 51, graduated from Tianjin University and Shanghai Jiao Tong University with a master degree of Science, and subsequently obtained a master degree of Business Administration from Guanghua School of Management of Peking University. Mr. Wang has extensive management experience in port and shipping industry. After joining China Merchants Holdings (International) Company Limited (currently renamed as China Merchants Port Holdings Company Limited, the same as blow) in July 1992, he has successively served as the deputy general manager of industrial management department and the general manager of business planning department in the company. He also acted as the deputy general manager of Shenzhen Mawan Port Services Co., Ltd, the chairman and CEO of Ningbo Daxie China Merchants International Terminal Co., Ltd and the managing director of China Merchants Port Services (Shenzhen) Co., Ltd. and Shenzhen Haixing Harbour Development Co., Ltd, respectively. Mr. Wang is the current executive director and deputy general manager of China Merchants Port Holdings Company Limited.

**Mr. Liu Chong (劉沖)**, aged 46, is now a managing director of COSCO SHIPPING Development Co., Ltd. From July 1990 to March 2016, Mr. Liu Chong served successively as a staff in audit office of Guangzhou Shipping (Group) Company, deputy chief accountant of Bao'an Branch of China Merchants Bank, staff in audit department of Guangzhou Shipping (Group) Company, auditor and deputy chief of planning and financial office of Guangzhou Maritime Transport Group Real Estate Company, deputy section chief of the finance section of the finance department of Guangzhou Shipping (Group) Company, vice president of the internal bank of Guangzhou Shipping (Group) Company Limited, deputy officer of the Guangzhou Branch of the Settlement Centre of China Shipping (Group) Company, deputy general manager of China Shipping Investment Co., Ltd., chief financial officer and deputy general manager of China Shipping Logistics Co., Ltd., chief accountant of China Shipping Haisheng Co., Ltd., secretary of Party general branch and officer of China Shipping Finance Co., Ltd. and China Shipping Capital Management Department, chief accountant of China Shipping Container Lines Company Limited, general manager of China Shipping Investment Co., Ltd. and general manager of COSCO SHIPPING Development Co., Ltd. He holds a bachelor's degree and is a senior accountant.

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees**

**Mr. Pan Chengwei (潘承偉)**, aged 70, graduated from The Ministry of Transportation Management Cadre Institute with an associate bachelor degree and he is an accountant. Mr. Pan started his career in 1965 and retired in November 2008. He had served as the head of finance department of China Ocean Shipping Company, the general manager of finance department of China Ocean Shipping (Group) Company, the general manager of finance department of COSCO (Hong Kong) Group Limited, the general manager of COSCO (H.K.) Property Development Limited, the general manager of COSCO (H.K.) Industry & Trade Holdings Ltd., the chief representative of Shenzhen representative office of COSCO (Hong Kong) Group Limited and the chief financial officer of Shenzhen Guangju Energy Co., Ltd., the general manager of COSCO (Cayman) Fortune Holding Co., Ltd. and its Hong Kong branch, and the compliance manager of the fuel & oil futures department of China Ocean Shipping (Group) Company. He has been an independent director of Shenzhen Nanshan Power Co., Ltd. and China Merchants Bank Co., Ltd. since May 2011 and July 2012, respectively.

**Mr. Pan Zhengqi (潘正啟)**, aged 63, holds a master degree and the qualifications of senior economist and senior political worker. Mr. Pan successively served as seaman, secretary of Party Committee Office, section head, deputy director, director, manager of Enterprise Planning Division and concurrently director and secretary of Party Committee of No. 2 Ship Management Division and No. 4 Ship Management Division in Shanghai Ocean Shipping Company. He served as deputy general manager in Qingdao Ocean Shipping Company and concurrently general manager and secretary of Party Committee of Lianyungang Ocean Shipping Company; deputy general manager of COSCO Asia Company. He served as general manager of COSCO Asia Company and concurrently general manager of COSCO International City Development Company; vice president of COSCO Australia Company and concurrently general manager of COSCO New Zealand Company; party committee secretary of Shenzhen Ocean Shipping Company; deputy general manager/deputy secretary of Party Committee of COSCO Hong Kong Shipping Company/Shenzhen Ocean Shipping Co., Ltd. He retired in January 2014.

**Mr. Wong Kwai Huen, Albert (王桂壘)**, aged 65, BBS/JP. He holds a bachelor degree of art from Chinese University of Hong Kong, a bachelor of laws degree from University of London and graduated from the College of Law, U.K. He is a practising solicitor in Hong Kong and UK, a China Appointed Attesting Officer. Now he is the independent non-executive director of China PICC Asset Management Co., Ltd., Hua Hong Semiconductor Limited, China Oilfield Services Limited and Vinda International Holdings Limited. He had once been the Managing Partner of China region for 15 years in two international large law firms in aggregate, and also worked for the Lands Department, Department of Justice and Legislative Council of the Hong Kong SAR for 10 years in total. He was appointed as committee member of Hong Kong International Airport Authority, Hospital Authority and Competition Commission successively. He is the honorary chairman of Hong Kong International Arbitration Centre, and is senior member of the Chartered Institute of Arbitrators in UK and Hong Kong Institute of Arbitrators, and was the former chairman of Hong Kong Institute of Arbitrators. He is also the vice-chairman of Hong Kong Inland Revenue Board of Review, chairman of Hong Kong Copyright Tribunal, a director of The Hong Kong Mortgage Corporation Limited, former president and council member of the Law Society of Hong Kong, council member of the Hong Kong Institute of Directors and the voting member for the Best Director of the Year. He holds the posts of honorary lecturer or professor in Hong Kong University, the Chinese University of Hong Kong, City University, Hang Seng Management College and Shue Yan University, and is a director, president, chairman, treasurer, etc. in different public bodies and charity institutions.

## Chapter X

## Information on Directors, Supervisors, Senior Management and Employees

## 2. Supervisors

Information on the current Supervisors is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (shares)	
					31 December 2015	31 December 2016
Zhang Mingwen	M	38	Chairman of the Supervisory Committee	from 31 May 2016 to 2018 annual general meeting	0	0
Lv Shengzhou	M	52	Supervisor	from 20 December 2016 to 2018 annual general meeting	0	0
Xiong Bo	M	57	Supervisor	from 31 May 2016 to the date of the general staff meeting to be held in 2018 for electing Supervisors	0	0

Brief biography of the Supervisors:

**Mr. Zhang Mingwen (張銘文)**, aged 38, currently serves as the chief accountant and a member of the Party committee of COSCO SHIPPING Development Co., Ltd. ("COSCO SHIPPING Development"). Mr. Zhang began his career in 1999. He served as the officer and vice supervisor of the settlement centre of China Shipping (Group) Company, the vice supervisor and deputy chief of the capital center of the financial planning department of China Shipping (Group) Company, the assistant to the general manager of the financial planning department of China Shipping (Group) Company and the assistant to the general manager of the financial capital department of China Shipping (Group) Company. Mr. Zhang Mingwen joined COSCO SHIPPING Development in November 2012 and served as the deputy chief accountant of COSCO SHIPPING Development and member of the Party committee from November 2012 to January 2014. He has served as the finance representative of COSCO SHIPPING Development since April 2013 and the chief accountant and a member of the Party committee since January 2014 till now. Mr. Zhang Mingwen graduated from Faculty of Finance of the Shanghai University of Finance and Economics, majoring in investment economics and obtaining a bachelor's degree in economics, and the Antai College of Economics & Management of Shanghai Jiao Tong University, majoring in business administration and receiving a MBA degree. He is a chartered financial analyst (CFA) and a senior accountant.

**Mr. Lv Shengzhou (呂勝洲)**, aged 52. He joined China Merchants Holdings (International) Company Limited (currently renamed as China Merchants Port Holdings Company Limited, the same as above) in 2015 and is currently the chief financial officer of the company. Mr. Lv graduated from Zhongnan University of Economics with a Master Degree of National Economic Management. Mr. Lv has over 20 years' experience in financial management and he successively held the posts of the head of the finance department of China Merchants Shekou Industrial Zone Holdings Co., Ltd., the officer of the finance department and the assistant to general manager of China Merchants Group Ltd., the chief financial officer of Hong Kong Ming Wah Shipping Co., Ltd. and the deputy general manager of the finance department of China Merchants Group Ltd.

**Mr. Xiong Bo (熊波)**, aged 57, joined the Company in 1991. He currently served as the tax manager of Finance Management Department of the Company. Mr. Xiong has been the chairman of the Labour Union of the Company since 1996. He graduated from Heilongjiang Radio and TV University in 1982 with major in electronics and received a bachelor's degree.



## Information on Directors, Supervisors, Senior Management and Employees

## 3. Senior Management

Information on current members of the senior management is set out below:

Name	Gender	Age	Position	Term	Number of shares held in the Company (shares)	
					31 December 2015	31 December 2016
Mai Boliang	M	57	CEO and president	from 28 March 2016 to 2019 annual Board meeting	494,702 (A Shares)	494,702 (A Shares)
Liu Xuebin	M	57	Vice president	from 28 March 2016 to 2019 annual Board meeting	100,000 (A Shares)	96,000 (A Shares)
					2,400 (H Shares)	2,400 (H Shares)
Wu Fapei	M	58	Vice president	from 28 March 2016 to 2019 annual Board meeting	0	0
Li Yinhui	M	49	Vice president	from 28 March 2016 to 2019 annual Board meeting	0	0
Yu Ya	M	61	Vice president	From 24 March 2015 to 31 March 2018	100,000 (A Shares)	100,000 (A Shares)
Zhang Baoqing	M	60	Vice president	three years from 24 March 2015	0	0
Gao Xiang	M	51	Vice president	three years from 1 April 2015	0	0
Yu Yuqun	M	51	Secretary to the Board, Company Secretary	from 28 March 2016 to 2019 annual Board meeting	0	0
Jin Jianlong	M	63	General manager of financial department	from 28 March 2016 to 2017 annual Board meeting	210,000 (A Shares)	210,000 (A Shares)
Yang Rong	F	41	General manager of capital management department	three years from 28 March 2016	0	0

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees**

Brief biography of the senior management:

**Mr. Mai Boliang (麥伯良)**, is an executive Director, CEO and president of the Company. For details of Mr. Mai Boliang, please refer to “1. Directors” of “Brief Biography of the Directors, Supervisors and Senior Management” in this Chapter.

**Mr. Liu Xuebin (劉學斌)**, aged 57, has been a vice president of the Company since March 2004. He joined the Group in 1982, and once worked in the Company’s Procurement Department from 1982 to 1990, deputy general manager of Nantong Shunda Container Co., Ltd. (南通順達集裝箱有限公司) from 1990 to 1994, deputy general manager of the Container Branch of the Company from 1994 to 1995, and general manager of Xinhui CIMC Container Co., Ltd. (新會中集集裝箱有限公司) from 1995 to 1997. From 1997 to 2013, he was appointed as general manager of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司) and in December 1998, he held the positions of the assistant to the president of the Company and chairman of Xinhui CIMC Container Co., Ltd. (新會中集集裝箱有限公司). Since January 2011, he was appointed as deputy general manager of CIMC Containers Holding Co., Ltd. (中集集裝箱控股有限公司). Mr. Liu graduated from Shenzhen University with a bachelor degree in business administration in August 1990.

**Mr. Wu Fapei (吳發沛)**, aged 58, has been a vice president of the Company since March 2004. He joined the Company in 1996, was appointed as the manager of Information Management Department in December 1996, then the assistant to the president in December 1998 and further the secretary of the Board from December 1999 to March 2004. Before that, he used to be a teacher and associate professor of School of Business Administration in South China University of Technology and the deputy general manager of Zhaoqing Nanhua Bicycle Ronghui Co., Ltd. in Guangdong. Mr. Wu graduated from South China University of Technology with a bachelor degree in mechanical manufacturing in July 1982 and a master degree in engineering in July 1989.

**Mr. Li Yinhui (李胤輝)**, aged 49, has been a vice president of the Company since March 2004. He has been the chairman or director of a number of subsidiaries of the Company since 2004. He worked with us as part-time vice president from October 2002 to October 2003. Mr. Li worked in Ministry of Commerce from March 2003. Between May 1993 and March 2003, he worked in State Commission of Foreign Trade and Economic Cooperation. Prior to that, Mr. Li worked in Central Committee of Chinese Communist Youth League. He received his bachelor degree in history from Jilin University in July 1991, an MBA degree from School of Business in Nanjing University in December 1997 and Ph.D. in economics from Jilin University in June 2001. Mr. Li successfully completed a three years’ research at the postdoctoral centre of China Centre for International Economic Exchanges in September 2016.

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees**

**Mr. Yu Ya (于亞)**, aged 61, has been a vice president of the Company since March 2010. Mr. Yu has been working with the Company since August 2007, serving as vice secretary of the Party Committee and general manager of Public affairs department. He has also been the chairman or a director of a number of subsidiaries of the Company since October 2009. He once worked for central ministries as deputy director, for China Light Industry Corporation as vice president and for Capgemini as executive director and executive vice president in Greater China Region. Mr. Yu graduated from the Mechanical Engineering Department of Tianjin Light Industry Vocational Technical College in July 1984 and obtained a MBA degree from Nanjing University in June 1997.

**Mr. Zhang Baoqing (張寶清)**, aged 60, was appointed as a vice president of the Company in March 2012. Since May 1995, Mr. Zhang has been the general manager of Xinhui CIMC Wood Co., Ltd. From June 1995 to May 2016, Mr. Zhang was the deputy general manager and then the general manager of Xinhui CIMC Containers Co., Ltd. (新會中集集裝箱有限公司), and from January 2003 to May 2016, he was also the general manager of Guangdong Xinhui CIMC Special Transportation Equipment Co., Ltd. (廣東新會中集特種運輸設備有限公司). Mr. Zhang once acted as the assistant to the president of the Group from March 2004 to March 2012, the general manager of CIMC Wood Development Co., Ltd from February 2009 to March 2013, the deputy general manager of CIMC Container Holding Co., Ltd. (中集集團集裝箱控股有限公司) under the Group since June 2011 and the general manager of CIMC Modular Building Investment Company Limited (中集模塊化建築投資有限公司) under the Group since March 2014. Before that, he once worked as assistant to the general manager and manager of technical department of Nantong Shunda Containers Co., Ltd. (南通順達集裝箱有限公司). Mr. Zhang is a senior engineer. He graduated from South China University of Technology with a bachelor degree in mechanical design and automation science in July 1982.

**Mr. Gao Xiang (高翔)**, aged 51, has been a vice president of the Company since 1 April 2015. Mr. Gao graduated from Tianjin University majoring in marine and shipbuilding engineering. He is also a senior engineer. Mr. Gao acted as the general manager of Tianjin CIMC North Ocean Container Co., Ltd., Tianjin CIMC Containers Co., Ltd., Tianjin CIMC Logistics Equipments Co., Ltd., Tianjin CIMC Vehicle Logistics Equipments Co., Ltd. and Tianjin CIMC Special Vehicles Co., Ltd., respectively, from 1999 to 2008. He worked as the assistant to the president of CIMC from 2004 to 2008. He served as the executive director and general manager of CIMC Enric Holdings Limited in 2009 and then the chairman of this company since 1 April 2015. Mr. Gao is also the chairman of certain subsidiaries of CIMC Enric Holdings Limited.

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees**

**Mr. Yu Yuqun (于玉群)**, aged 51, has been the secretary to the Board of the Company since March 2004 and has been the Company Secretary since 25 October 2012. He joined the Company in 1992 and subsequently worked as deputy manager, manager of Financial Affairs Department and manager of the office of secretary to the Board, responsible for shareholder relationship, investor relationship and fund management. Mr. Yu became the representative for securities affairs of the Company since its listing on the Shenzhen Stock Exchange in 1994. Mr. Yu has been appointed as an executive director of CIMC Enric (Hong Kong stock code: 3899) since September 2007 and was re-designated as a non-executive director in 5 September 2016. He was a non-executive director of TSC Group Holdings Limited (formerly known as TSC Offshore Group Limited and whose shares are listed on the Main Board of the Stock Exchange) from 2011 to 2016. Mr. Yu is currently a non-executive director of CFSE (whose shares are listed on the Main Board of the Stock Exchange), a non-executive director of Pteris Global Limited and the chairman of Shenzhen Sky Capital Co., Ltd. Mr. Yu is the member of the third session of the Appeal and Review Committee of the Shenzhen Stock Exchange and the member of the first session of Merger and Acquisition Finance Committee of China Association for Public Companies. From July 1987 to October 1989, he worked in the State Price Control Bureau. Mr. Yu graduated from Beijing University and obtained a bachelor's degree in economics in July 1987 and a master's degree in economics in July 1992.

**Mr. Jin Jianlong (金建隆)**, aged 63, has been the general manager of Financial Department since October 2001. Mr. Jin has been an executive director of CIMC Enric (Hong Kong stock code: 3899) since September 2007 and was re-designated as a non-executive director on 5 September 2016. Mr. Jin has also been an executive director of a number of subsidiaries of the Company since 2001. He joined the Company in 1989, and served successively as the manager of the Financial Management Department of Shenzhen Southern CIMC Containers Manufacture Co., Ltd. (深圳南方中集集裝箱製造有限公司) and the Financial Management Department of the Company. From August 1975 to April 1989, he worked in Hangzhou Iron & Steel Works as manager of its financial department. He graduated from Maanshan Institute of Iron and Steel Technology in July 1985, majoring in accounting. He is an accountant.

**Ms. Yang Rong (楊榕)**, aged 41, has been the general manager of Capital Management Department of the Company since March 2016. Ms. Yang served as the finance manager both for Overseas Business Division and Information Network Business Division of Konka Group Co., Ltd. in addition to her positions as the general manager of Finance Department from April 1999 to December 2004. From January 2005 to November 2009, she served as the deputy director of Finance Department of OCT Enterprises Co., and chief financial officer (part-time) and deputy director of Audit Department of OCT (HK) Company Limited. Ms. Yang served as the chief financial officer of Konka Group Co., Ltd. from November 2009 to May 2014 and has served as the deputy general manager of Capital Management Department of the Company since June 2014. Graduated from Northwestern Polytechnical University, Ms. Yang obtained a bachelor degree in management engineering and a master degree in financial management in July 1996 and April 1999, respectively.

Information on Directors, Supervisors, Senior Management and Employees

**II. CHANGES ON SHAREHOLDINGS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

Name	Position	Job state	Gender	Age	Start of term of office	End of term of office	Number of shares held at the beginning of the Reporting Period (shares)	Number of added shares held for the current period (shares)	Number of reduced shares held for the current period (shares)	Number of shares held at the end of the Reporting Period (shares)
Liu Xuebin	Vice president	Current	M	57	28 March 2016	until the date of annual Board meeting for 2019	100,000 (A Shares) 2,400 (H Shares)	28,000 (A Shares)	32,000 (A Shares)	96,000 (A Shares) 2,400 (H Shares)

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees****III. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARE CAPITAL OF THE COMPANY AND ASSOCIATED CORPORATION THEREOF**

As at 31 December 2016, the interests or 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, was as follows:

**1. Interest in the Shares of the Company**

Name	Nature of interest	Number of shares (shares)	Nature of the shares
Mai Boliang	Beneficial interest	494,702	A Shares

**2. Interest in the Underlying Shares of the Company**

For details of the interests in the underlying shares of the Company held by any Director, Supervisor and chief executive of the Company as at 31 December 2016, please refer to “XV. Implementation of the Company’s Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures” of “Chapter VIII Significant Events” in this Report.

**3. Interest in the Associated Corporation of the Company**

Name	Name of associated corporation	Nature of interest	Number of Shares (shares)
Mai Boliang	CIMC Vehicle (Group)	Beneficiary of a trust	10,350,000
Mai Boliang	CIMC Enric	Beneficial interest	3,260,000

**Information on Directors, Supervisors, Senior Management and Employees**

**IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY**

Name	Position	Type	Date	Reasons
Wang Hong	Chairman and non-executive Director	Election	31 May 2016	Re-election
Wang Yuhang	Vice chairman and non-executive Director	Election	31 May 2016	Election
Zhang Liang	Vice chairman and non-executive Director	Retirement upon expiry of the term	31 May 2016	Retirement upon expiry of the term
Mai Boliang	Executive Director, CEO and president	Election	31 May 2016	Re-election
Wang Zhixian	Non-executive Director	Election	31 May 2016	Election
Liu Chong	Non-executive Director	Election	31 May 2016	Election
Wu Shuxiong	Non-executive Director	Retirement upon expiry of the term	31 May 2016	Retirement upon expiry of the term
Pan Chengwei	Independent non-executive Director	Election	31 May 2016	Re-election
Pan Zhengqi	Independent non-executive Director	Election	31 May 2016	Election
Wong Kwai Huen, Albert	Independent non-executive Director	Election	31 May 2016	Re-election
Li Kejun	Independent non-executive Director	Retirement upon expiry of the term	31 May 2016	Retirement upon expiry of the term
Zhang Mingwen	Chairman of the Supervisory Committee	Election	31 May 2016	Election
Lv Shengzhou	Supervisor	Election	20 December 2016	Election
Xiong Bo	Supervisor	Election	31 May 2016	Re-election
Wang Zhixian	Supervisor	Retirement upon expiry of the term	31 May 2016	Retirement upon expiry of the term
He Jiale	Chairman of the Supervisory Committee	Retirement upon expiry of the term	31 May 2016	Retirement upon expiry of the term
Lin Wuliu	Supervisor	Election	31 May 2016	Election
Lin Wuliu	Supervisor	Resignation	20 December 2016	Resignation
Zeng Beihua	General Manager of Capital Management Department	Retirement upon expiry of appointment	28 March 2016	Retirement upon expiry of appointment
Yang Rong	General Manager of Capital Management Department	Appointment	28 March 2016	Appointment

## Chapter X

## Information on Directors, Supervisors, Senior Management and Employees

## V. JOB STATUS OF CURRENT DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

For the professional background and major working experience of current Directors, Supervisors and Senior Management and their main responsibility in the Company, please refer to “I. Brief Biography of the Directors, Supervisors and Senior Management” in this Chapter.

## 1. Job Status in Shareholders' Company

Name	Name of Shareholders' company	Position in Shareholders' company	Start of term of office	End of term of office	With compensation allowance from Shareholders' company or not
Wang Hong	China Merchants Group Limited	Deputy general manager	March 2015	–	Yes
	China Merchants Port Holdings Company Limited	Director	11 May 2005	–	No
Wang Yuhang	China COSCO Shipping Corporation Limited	Deputy general manager	January 2016	–	Yes
Wang Zhixian	China Merchants Port Holdings Company Limited	Executive director and deputy general manager	July 2012	–	Yes
Liu Chong	COSCO SHIPPING Development Co., Ltd.	Managing director	March 2016	–	Yes
Zhang Mingwen	COSCO SHIPPING Development Co., Ltd.	Chief accountant	January 2014	–	Yes
Lv Shengzhou	China Merchants Port Holdings Company Limited	Chief financial officer	November 2015	–	Yes

## 2. Job Status in Other Companies

Name	Name of other company	Position in other company	Start of term of office	End of term of office	With compensation allowance from other company or not
Wang Hong	China Merchants Energy Shipping Co., Ltd	Chairman of the Supervisory Committee	15 April 2014	16 June 2016	No
Pan Chengwei	China Merchants Bank Co., Ltd.	Independent Director	9 July 2012	–	Yes
	Shenzhen Nanshan Power Co., Ltd.	Independent Director	25 May 2011	–	Yes
Wong Kwai Huen, Albert	Fried, Frank, Harris, Shriver & Jacobson LLP	Principal of Hong Kong and Shanghai Offices	2006	To date	Yes

Penalties on the current and resigned Directors, Supervisors and Senior Management of the Company during the Reporting Period by the securities regulatory authority for the recent three years

Applicable     Not applicable



**Information on Directors, Supervisors, Senior Management and Employees****VI. REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT****1. Decision-making Process, Basis for Determination and Actual Payment of Remuneration of Directors, Supervisors and Senior Management**

In accordance with the provisions of the Articles of Association, remuneration of the Company's Directors and Supervisors shall be determined by the General Meeting, while remuneration of the Senior Management shall be determined by the Board. During the Reporting Period, the Directors (apart from independent non-executive Directors) and Supervisors of the Company shall not receive remuneration due to holding the relevant positions of directors and supervisors. Senior Management shall receive remuneration from the Company or its subsidiaries. The Company has established complete salary system and remuneration regulations, and the Company adopts annual salary system. The Board of the Company shall pay remuneration to the Senior Management according to the "Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board".

Upon consideration and approval of the Board and the General Meeting, the independent non-executive Director was awarded with RMB200,000 per year as independent directors allowance during the Reporting Period. In addition, independent Directors did not receive other remuneration during the Reporting Period. The staff representative Supervisor Mr. Xiong Bo received remuneration from the Company due to the other position he held at the Company.

The details of remuneration (pre-tax) of current Directors, Supervisors and Senior Management are described in the following remuneration table for Directors, Supervisors and Senior Management.

## Chapter X

## Information on Directors, Supervisors, Senior Management and Employees

## 2. Remuneration of Directors, Supervisors and Senior Management during the Reporting Period

Unit: RMB thousand

Name	Position	Gender	Age	Status	Total remuneration before tax from the Company	Remuneration Received from related parties of the Company
Wang Hong	Chairman and non-executive Director	M	54	Current	-	-
Zhang Liang	Vice chairman and non-executive Director	M	62	Retirement	-	-
Wang Yuhang	Vice chairman and non-executive Director	M	55	Current	-	-
Mai Boliang (Note 1)	Executive Director, CEO and president	M	57	Current	5,973	-
Wu Shuxiong	Non-executive Director	M	62	Retirement	-	-
Wang Zhixian	Non-executive Director	M	51	Current	-	-
Liu Chong	Non-executive Director	M	46	Current	-	-
Li Kejun	Independent non-executive Director	M	65	Retirement	-	-
Pan Chengwei	Independent non-executive Director	M	70	Current	200	-
Pan Zhengqi	Independent non-executive Director	M	63	Current	200	-
Wong Kwai Huen, Albert	Independent non-executive Director	M	65	Current	200	-
He Jiale	Chairman of the Supervisory Committee	M	62	Retirement	-	-
Zhang Mingwen	Chairman of the Supervisory Committee	M	38	Current	-	-
Lin Wuliu	Supervisor	M	54	Retirement	-	-
Lv Shengzhou	Supervisor	M	53	Current	-	-
Xiong Bo (Note 2)	Supervisor	M	57	Current	341	-
Liu Xuebin	Vice president	M	57	Current	2,737	-
Wu Fapei	Vice president	M	58	Current	2,683	-
Li Yinhui	Vice president	M	49	Current	2,152	-
Yu Ya	Vice president	M	61	Current	2,084	-
Zhang Baoqing	Vice president	M	60	Current	2,662	-
Gao Xiang	Vice president	M	51	Current	2,170	-
Yu Yuqun	Secretary to the Board	M	51	Current	2,639	-
Jin Jianlong	General Manager of Financial Department	M	63	Current	2,465	-
Zeng Beihua	General Manager of Capital Management Department	F	62	Retirement	-	-
Yang Rong	General Manager of Capital Management Department	F	41	Current	1,775	-
Total	-	-	-	-	28,281	-

Note 1: As the executive Director of the Company, Mr. Mai Boliang has received the remuneration from the Company due to his position of CEO and president in the Company.

Note 2: Mr. Xiong Bo has received remuneration from the Company due to his position held in the Company other than the Supervisor.

The top five people who received the highest remuneration from the Group in 2016 have been listed in the above table.

## Information on Directors, Supervisors, Senior Management and Employees

## 3. Options Granted to Directors, Supervisors and Senior Management during the Reporting Period

Name	Position	Exercisable during the Reporting Period (shares)	Exercised during the Reporting Period (shares)	Exercise price of Exercised during the Reporting Period (RMB/share)	Market price at the end of the Reporting Period (RMB/share)	Number of restricted shares at the beginning of the period (shares)	Number of newly granted restricted shares during the Reporting Period (shares)	Grant price of restricted shares (RMB/share)	Number of restricted shares held at the end of the period (shares)
Mai Boliang	Executive Director, CEO and president	2,850,000	0	10.55	14.62	0	0	0	0
Liu Xuebin	Vice president	1,025,000	28,000	10.55	14.62	0	0	0	0
Wu Fapei	Vice president	750,000	0	10.55	14.62	0	0	0	0
Li Yinhui	Vice president	750,000	0	10.55	14.62	0	0	0	0
Yu Ya	Vice president	650,000	0	10.55	14.62	0	0	0	0
Zhang Baoqing	Vice president	750,000	0	10.55	14.62	0	0	0	0
Gao Xiang	Vice president	375,000	0	10.55	14.62	0	0	0	0
Yu Yuqun	Secretary to the Board	750,000	0	10.55	14.62	0	0	0	0
Jin Jianlong	General Manager of Financial Department	640,000	0	10.55	14.62	0	0	0	0
Total	-	8,540,000	28,000	-	-	0	0	0	0

## 4. Remuneration Policy of the Senior Management

The remuneration policy of the Senior Management of the Company shall be subject to the "Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board". The Company's senior management remuneration policy links financial interests of the senior management with the Group's operating results and the performance of its shares in the market.

## Chapter X

**Information on Directors, Supervisors, Senior Management and Employees****VII. EMPLOYEES OF THE COMPANY****1. Number of Domestic Employees, Professional Composition and Education Background**

Number of in-service employees of the Company	279
Number of in-service employees of principal subsidiaries	51,020
Total number of in-service employees	51,299
Total number of employees who received salaries during the Reporting Period	51,299
Number of retired employees whose expense should be assumed by the Company and principal subsidiaries	137

Professional composition		Education background	
Professional composition	Number of employees	Education degree	Number of employees
Production personnel	34,066	PHD	32
Sales personnel	2,711	Master	1,148
Technical personnel	9,741	Bachelor	8,925
Financial personnel	968	College	7,807
Administration personnel	3,813	Senior high school or below	33,387
Total	51,299	Total	51,299

**2. Remuneration Policies**

For details of the Company's remuneration policies, please refer to "Employees and Remuneration Policies" of "Chapter VI Management Discussion and Analysis Prepared in Accordance with the Hong Kong Securities Regulatory Rules" in this Report.

**3. Training Programme**

The Group sticks to its core cultural philosophy of "people-oriented and mutual business" and constantly develops talents for the industry through building a talent training system with CIMC characteristics. The multi-level and composite talent training system of the Group includes new employees training, general skills training, professional training, leadership training programme and international talent training programme.

**4. Labour Outsourcing**

Applicable     Not applicable

## Chapter XI

# Corporate Governance and Corporate Governance Report

The Company has prepared the “Corporate Governance Work Report” and the “Corporate Governance Report” in accordance with different requirements in form and content of PRC securities regulatory authorities and the Hong Kong Listing Rules, respectively. To avoid undue repetitions and to keep the presentation lucid, a cross-referencing approach has been adopted.

### **Part I: CORPORATE GOVERNANCE WORK REPORT (PREPARED IN ACCORDANCE WITH PRC SECURITIES REGULATORY REQUIREMENTS)**

#### **1. SITUATION OF CORPORATE GOVERNANCE**

During the Reporting Period, the Company constantly enhanced the Company’s corporate governance and improved its standardised operation in strict compliance with the requirements of laws and regulations including the PRC Company Law, Corporate Governance Guidelines for Listed Companies, Guidance Opinion on Establishing a System of Independent Directors in Listed Companies, Rules of General Meetings of Listed Companies and Guidelines on the Articles of Association of Listed Companies. The Company has established a corporate governance structure which is in line with the requirements of management of modern enterprise and ensures the full and balanced performance of all functions. In accordance with a series of rules and regulations of the Company such as the Rules of Procedure for Shareholders’ Meeting, the Rules of Procedure for Board, the Rules of Procedure for Supervisory Committee and the Working rules for the President, the Company implemented effective corporate governance by giving full play to the role of Board committees. The functions and responsibility of the general meeting, the Board and the Supervisory Committee were thus fully performed and balanced, which safeguarded the interests of the Shareholders and the Company effectively and ensured the sustainable and healthy development of the Company.

In accordance with standards for the corporate governance of listed companies by CSRC, CSRC Shenzhen Bureau, Shenzhen Stock Exchange and the Hong Kong Stock Exchange, the Company positively and timely completed corporate governance rectification, special inspection and system establishment as required by relevant regulatory authorities. In 2016, the Company was awarded as the “Five-star Enterprises in Discharging Social Responsibility among Industrial Sector in China” by the China Federation of Industrial Economics. Meanwhile, Mr. Mai Boliang, the CEO and president of the Company, was elected as one of China’s 50 Most Influential Business Leaders.

In 2016, the Company continued to place emphasis on and was committed to improving investor relations management. According to the relevant laws and regulations such as the Company Law, the Securities Law, and the Manual for Investor Relations Management of Listed Companies and the requirements of the Articles of Association, the Company followed the principles of “full and compliance disclosure of information, equal opportunity for all investors, honesty and integrity, and interactive communication” during the investor relations management. In the interest of minority investors, the Company adopted effective and convenient measures in daily work and settlement of major issues to strengthen all-around and effective communication with Shareholders and investors. Selective disclosure was avoided to ensure the interests of minority Shareholders in respect of obtaining corporate information in a fair and just manner. It earnestly conducted daily reception, patiently answered inquiries of investors through telephones, participated in annual investment conferences and thematic meetings held by domestic and international securities brokers and conducted “one to one” or “one to many” communications with institutional investors. In respect of the newsworthy events or emergencies concerned by Shareholders and investors, the Company replied the online inquiries on the “Interaction Easy” and “Interactive Platform for Investor Relations” of the Shenzhen Stock Exchange to achieve timely, patient and objective communications with medium and small investors. In 2016, the Company received visits, researches and plant visits of various institutional investors from fund and investment companies and securities companies and individual investors for approximately 27 times in total. CIMC arranged the institutional investors such as

## Chapter XI

**Corporate Governance and Corporate Governance Report**

securities brokers and funds to conduct field researches in the Company for several times, visiting the business bases or projects such as offshore engineering, e-commerce and industrial & city development, enabling them to deeply understand the development of strategically emerging industries and new business expansion of the Company. In November, the Company held its sixth CIMC Science and Technology Festival, where institutional analysts and minority Shareholders were present. Through display of the technological research results and development objectives of various business segments, the Company enabled its investors and Shareholders to further recognise its investment value, enhanced the confidence of its investors, safeguarded the rights to know of medium and small investors, strengthened the sense of belonging of Shareholders in the Company and created good Shareholders' culture. In March, the Company held Disclosure of Annual Results of 2015 in Hong Kong, and in August, the Company held Disclosure of Interim Results of 2016 at the headquarters of the Group, and provided live broadcast of the meetings to domestic investors through the live webcasting platform. Further, the Company distributed in 2016, for the first time, the contents of the official website of the Company through the mobile platform in a timely manner, with a view to enriching the information sources of medium and small investors.

**Any difference between corporate governance and the standards of the normative documents regarding corporate governance of listed companies issued by CSRC**

Yes     No

**Formulation and implementation of registration and management system of insiders**

The Company has established an Insider Registration and Management System according to various securities regulatory requirements. The above system, which specifies the scope of inside information and insiders, the approval, registration and filing system of inside information and confidentiality obligation, has become an important part of the Company's internal control system. In respect of implementation of inside information and insider management system, the Company carried out an effective supervision on internal circulation and disclosure of inside information in accordance with the various systems and requirements on a strict basis. Self-examination result shows that no insiders has used any inside information to trade the Company's shares before disclosure of major sensitive information affecting the Company's share price in 2016.

**Corporate Governance and Corporate Governance Report****2. INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDERS IN RESPECT OF BUSINESS, PERSONNEL, ASSET, ORGANISATIONAL STRUCTURE AND FINANCE**

The direct substantial Shareholders of the Company are China Merchants (CIMC) Investment Limited (its controlling shareholder is China Merchants Group) and COSCO Container Industries Limited (its controlling shareholder is China COSCO Shipping). The Company has an independent and complete business system and has the capacity for independent operation in the market. The Company is independent from its substantial Shareholders in respect of our business, personnel, asset, organisational structure and finance, and they independently proceed with audit and assume the responsibilities and risks.

- (1) Business: The production system, purchase system, auxiliary production system and sales system of the Company are independent. The Company owns the intangible assets such as industrial property, trademark, non-patent technology independently.
- (2) Personnel: The labour, personnel and salary management institutions of the Company are independent. The system is complete. The Company and the substantial Shareholders do not share staff or senior management. All of the Company's staff and senior management are paid by the Company. The financial personnel of the Company have no part-time job in affiliates.
- (3) Assets: The property rights between the Company and the substantial Shareholders are clear, with complete procedures. The property rights are managed by the Company independently. The substantial Shareholders do not occupy or govern the assets of the Company nor interfere in its operation management of the assets.
- (4) Organisational structure: The Board, the Supervisory Committee and other internal institutions of the Company are complete and operate independently. The substantial Shareholders perform their rights according to the law and assume the corresponding obligations without directly or indirectly interfering with the business activities of the Company by overstepping the general meeting.
- (5) Finance: The finance department, financial accounting system, financial management system and bank account of the Company are independent and it pays taxes independently.

During the Reporting Period, the Company has not provided undisclosed information to the substantial Shareholders and the de facto controllers, and there was no other non-compliance governance problem.

## Chapter XI

**Corporate Governance and Corporate Governance Report****3. HORIZONTAL COMPETITIONS**

Applicable     Not applicable

China Merchants (CIMC) Investment Limited, a direct Shareholder of the Company, is a wholly-owned subsidiary of China Merchants Port and its de facto controller is China Merchants Group. So far as the Company is aware, China Merchants (CIMC) Investment Limited is not engaged in any business related to the principal businesses of the Group, but horizontal competition relationship exists between the Company and the subsidiaries under China Merchants Group, namely, the offshore engineering business of the Group is the same or similar to that of the subsidiaries under China Merchants Group, which constitutes horizontal competition relationship. The Company has tapped into the offshore engineering business market through acquisition of Yantai CMIC Raffles offshore Ltd. and treats the offshore engineering business as one of the core businesses of the Company. Other than this, there is no horizontal competition relationship between the controlling Shareholder and the de facto controller of China Merchants (CIMC) Investment Limited and the Group.

The de facto controller of COSCO Container Industries and Long Honour, direct Shareholders of the Company, is China COSCO Shipping. So far as the Company is aware, COSCO Container Industries and Long Honour is not engaged in any business related to the principal businesses of the Group, but horizontal competition relationship exists between the Company and the subsidiaries under China COSCO Shipping, namely, the container manufacturing business, the logistics service business and the financing lease business under the financial business of the Company are the same or similar to those of the subsidiaries under China COSCO Shipping. Other than this, there is no horizontal competition relationship between the controlling Shareholder and the de facto controller of COSCO Container Industries and Long Honour and the Group.



**Corporate Governance and Corporate Governance Report****4. RELEVANT SITUATIONS OF ANNUAL GENERAL MEETING AND EXTRAORDINARY GENERAL MEETING CONVENED DURING THE REPORTING PERIOD****(1) General Meeting Convened during the Reporting Period**

Session of meeting	Type of meeting	Proportion of investors' participation (note)	Date	Disclosure date	Disclosure index
2015 annual general meeting	On-site meeting	0.07%	31 May 2016	31 May 2016	
First 2016 A Shareholders' class meeting	On-site meeting	0.06%	31 May 2016	31 May 2016	
First 2016 H Shareholders' class meeting	On-site meeting	Not applicable	31 May 2016	31 May 2016	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> <a href="http://www.hkexnews.hk">www.hkexnews.hk</a>
2016 first extraordinary general meeting	On-site meeting	0.07%	20 December 2016	20 December 2016	

Note: As the H Shares of the Company are mainly registered under HKSCC Nominees Limited, it's impossible to count the exact number of attendees, and as a result, only the proportion of the number of A Shareholders who attended the meetings in the total number of A Shareholders is listed.

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

Applicable     Not applicable

**5. THE DUTY PERFORMANCE OF THE INDEPENDENT DIRECTORS DURING THE REPORTING PERIOD**

In 2016, the independent non-executive Directors of the Company were committed to strictly and diligently performing their duties in accordance with the relevant domestic and overseas laws and regulations and the Articles of Association. During the Reporting Period, they reviewed the proposals and relevant documents presented by the Company and actively participated in the meetings of the Board and special committees of the Board. They expressed their views objectively and independently protecting the interests of the independent Shareholders and played a part in the checks and balances of the decision making process of the Board. Independent non-executive Directors reviewed regular reports of the Company diligently. They had discussions with external auditors in regular and special meetings before and after their year-end auditing works. Such meetings were held prior to the Board meetings. During the Reporting Period, the independent Directors of the Company did not object to any motions, resolutions and other matters discussed at the meetings of the Board.

## Chapter XI Corporate Governance and Corporate Governance Report

### (1) Independent Directors' Attendance to the Board Meetings and the General Meetings

Independent Directors' Attendance to the Board Meetings							
Name of independent Director	Number of Board meetings needed to attend during the Reporting Period	Attendance in person	Attendance by means of telecommunication	Attendance by proxy	Absence	Not attending in person for two consecutive meetings	
Pan Chengwei	22	4	18	0	0	No	
Pan Zhengqi	16	2	14	0	0	No	
Wong Kwai Huen, Albert	22	4	18	0	0	No	
Li Kejun	6	1	5	0	0	No	
Times of attendance of independent Directors at the general meetings	(please refer to "(2) Attendance of the Directors at the general meetings" of "4. Shareholders and General Meetings" under "Part II: Corporate Governance Report (Prepared in Accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter for details)						
Pan Chengwei and Wong Kwai Huen, Albert attended the 2015 annual general meeting, the first 2016 A Shareholders' class meeting and the first 2016 H Shareholders' class meeting; Pan Zhengqi attended the first 2016 extraordinary general meeting.							

### (2) Independent Directors' Opposition to Relevant Proposals of the Company

During the Reporting Period, independent Directors did not present any opposition to relevant proposals of the Company.

### (3) Other Descriptions to Duty Performance of Independent Directors

Nil

## 6. DUTY PERFORMANCE OF SPECIAL COMMITTEES OF THE BOARD DURING THE REPORTING PERIOD

The Board set up five special committees, i.e. Audit Committee, Remuneration and Appraisal Committee, Strategic Development Committee, Nomination Committee and Risk Management Committee. Those special committees conscientiously performed their duties in accordance with the Governance Guidelines of Listed Company, the Hong Kong Listing Rules, the Articles of Association, the Rules of Procedures of the Board, and the authorities and obligations endowed by the implementation rules of each special committee. For the meetings of each special committee under the Board during the Reporting Period, please refer to "3. Special Committees of the Board" under "Part II: Corporate Governance Report (Prepared in Accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter.

**Corporate Governance and Corporate Governance Report****7. OPERATION OF THE SUPERVISORY COMMITTEE**

Any risk of the Company discovered by the Supervisory Committee in its supervision during the Reporting Period

Yes     No

**8. APPRAISAL AND INCENTIVES OF SENIOR MANAGEMENT**

In order to promote the Company's development in a standardised, sound and orderly manner, to attract more talents and to maintain the stability of the senior management, the Board has formulated the Regulations for Annual Performance Assessment and Incentive for the Personnel Employed by the CIMC Board, and established the performance appraisal and incentive and restraint mechanisms which link the remuneration of senior management with both the Company's performance and individual performance.

On 17 September 2010, as considered and approved at the first extraordinary general meeting in 2010 of the Company, the Company launched and implemented an incentive scheme of the share option of A Shares. For relevant information, please refer to "XV. Implementation of the Company's Share Option Incentive Scheme, Employee Stock Ownership Scheme or Other Employee Incentive Measures" of "Chapter VIII Significant Events" in this Report. The A Share(s) share option incentive scheme is conducive to the interest sharing and restriction mechanism between the Shareholders, the management and key staff. The management can better balance short-term and long-term targets; attract and retain excellent management personnel and business backbones; continue to create incentive value, ensure long-term stable development of the Company and reinforce competitiveness of the Company.

**9. INTERNAL CONTROL****(1) Details of Material Defects of Internal Control Detected during the Reporting Period**

Yes     No

According to the findings in identifying the Company's significant deficiency in financial statement internal controls, on the baseline date of the internal controls assessment report (31 December 2016), the Company has no significant deficiency in financial statement internal controls. The Board is of the opinion that the Company has duly complied with the criteria benchmarks for enterprise internal controls and the requirements of other relevant provisions to maintain effective financial statement internal controls in all material aspects.

According to the findings in identifying the Company's significant deficiency in non-financial statement internal controls, on the baseline date of the internal controls assessment report (31 December 2016), the Company has not found any significant deficiency in non-financial statement internal controls.

## Chapter XI

## Corporate Governance and Corporate Governance Report

## (2) Self-Assessment Report on Internal Control

Disclosure date of full text of internal control evaluation report	27 March 2017
Disclosure index of full text of internal control evaluation report	www.cninfo.com.cn
Proportion of total assets of the units incorporated in the evaluation scope in the Company's total assets in the consolidated financial statements	95%
Proportion of revenue of the units incorporated in the evaluation scope in the Company's revenue in the consolidated financial statements	95%

Category	Deficiency identification criteria	
	Financial statements	Non-financial statements
Qualitative benchmark	<p>Significant deficiency:</p> <ol style="list-style-type: none"> <li>Discovery of acts of irregularity by Directors, Supervisors or the management that caused significant impacts on the financial statements;</li> <li>Amendment to published financial statements to reflect correction to significant reporting errors due to mistakes or irregularities;</li> <li>The presence of significant reporting errors affecting the current financial statements remaining undetected by the assessed entity's internal controls systems, but was discovered by auditors;</li> <li>Significant deficiency that has been reported to the management and the Board but remains uncorrected after a reasonable period of time; alternatively, although the assessed entity has adjusted its significantly deficient internal controls prior to the baseline date, however, the new controls have not been in operation for a sufficiently long period;</li> <li>Ineffective monitoring on internal controls by the Audit Committee and the internal auditing unit.</li> </ol>	<p>Significant deficiency:</p> <ol style="list-style-type: none"> <li>The assessed entity's business activities in serious violation of the laws and regulations of the state;</li> <li>Non-compliance in major policy decisions, substantive matters, appointment and dismissal of key personnel, as well as the decision processes for large sum payments.</li> </ol> <p>Important deficiency:</p> <ol style="list-style-type: none"> <li>Important deficiencies remain un-rectified after being reported to the management and after lapse of a reasonable period;</li> <li>Patented technology or proprietary technology is infringed upon or confidentiality is compromised thus undermining market competitiveness of the assessed entity's one or more products; but this has not affected the assessed entity's market position.</li> </ol>

Chapter XI

**Corporate Governance and Corporate Governance Report**

Category	Deficiency identification criteria	
	Financial statements	Non-financial statements
	<p>Important deficiency:</p> <p>Deficiency in internal controls in the following areas, which after general analysis still cannot ensure the authenticity, accuracy and reliability of the financial statements should be determined to be important deficiency:</p> <ul style="list-style-type: none"> <li>• Internal controls on the choice and application of accounting policies according to generally accepted accounting standards;</li> <li>• Anti-fraud procedures and controls;</li> <li>• Internal controls on unconventional or non-systematic transactions;</li> <li>• Internal controls on end-period financial reporting processes;</li> <li>• Internal controls on information systems relating to financial reporting;</li> <li>• Failure in compliance supervisory functions that can have a major impact on the reliability of the financial statements;</li> <li>• Penalty sanctions by the state authorities which have not impacted negatively on the assessed entity's regular reporting disclosure;</li> <li>• For companies that are required to put in place internal auditing or risk assessment functions for effective monitoring, the failure of such functions.</li> </ul> <p>General deficiency:</p> <p>Penalty sanctions by provincial (inclusive) or lower level authorities which have not impacted negatively on the assessed entity's disclosure for regular reporting.</p>	<p>General deficiency:</p> <p>Patented technology or proprietary technology is infringed upon or confidentiality is compromised thus undermining market competitiveness of the assessed entity's one or more products; but the effect is minimal.</p>

Chapter XI  
Corporate Governance and Corporate Governance Report

Category	Deficiency identification criteria	
	Financial statements	Non-financial statements
Quantitative benchmark	<p>(The erroneously reported amounts (X) in financial statements fall between the following range)</p> <p>Significant deficiency:</p> <ol style="list-style-type: none"> <li><math>x \geq 0.5\%</math> of total sales revenues;</li> <li><math>x \geq 5\%</math> of total profits;</li> <li><math>x \geq 1\%</math> of total assets;</li> <li><math>x \geq 1\%</math> of total stakeholders' interests.</li> </ol> <p>Important deficiency:</p> <ol style="list-style-type: none"> <li><math>0.1\%</math> of total sales revenues <math>\leq x &lt; 0.5\%</math> of total sales revenues;</li> <li><math>1\%</math> of total profits <math>\leq x &lt; 5\%</math> of total profits;</li> <li><math>0.2\%</math> of total assets <math>\leq x &lt; 1\%</math> of total assets;</li> <li><math>0.2\%</math> of total stakeholders' interests <math>\leq x &lt; 1\%</math> of total stakeholders' interests.</li> </ol>	<p>Significant deficiency:</p> <ol style="list-style-type: none"> <li>Failure to maintain and/or update documentation contents for the internal controls systems for 3 years and more in succession, and failure to retain a full set of working papers for internal controls sampling checks;</li> <li>Continuous interruption of normal services for a period of over 48 hours in such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on.</li> </ol> <p>Important deficiency:</p> <ol style="list-style-type: none"> <li>Failure to maintain and/or update documentation contents for the internal controls systems for 2 years in succession, and failure to retain a full set of working papers for internal controls sampling checks;</li> <li>Continuous interruption of normal service for a period of over 24 hours but less than 48 hours, in such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on.</li> </ol> <p>General deficiency:</p> <ol style="list-style-type: none"> <li>Failure to perform annual maintenance and update of internal controls system documentation, and failure to retain a full set of working papers for internal controls sampling checks;</li> <li>Instabilities with occasional service interruption of such important public IT systems or platforms as corporate communication systems (including network, correspondence, telephone), ERP system, financial information system, PDM system, OA system and so on; but normal operation can be recovered within a period of 24 hours.</li> </ol>

**Corporate Governance and Corporate Governance Report**

Category	Deficiency identification criteria	
	Financial statements	Non-financial statements
	General deficiency:	
	1. $x < 0.1\%$ of total sales revenues;	
	2. $x < 1\%$ of total profits;	
	3. $x < 0.2\%$ of total assets;	
	4. $x < 0.2\%$ of total stakeholders' interests.	
Number of significant deficiency of financial statements		0
Number of significant deficiency of non-financial statements		0
Number of important deficiency of financial statements		0
Number of important deficiency of non-financial statements		0

**10. INTERNAL CONTROL AUDIT REPORT**

Applicable     Not applicable

**The paragraphs of opinions on approval in the internal control audit report**

In our opinion, CIMC has maintained effective internal controls in respect of financial statements in all material aspects in accordance with the Basic Norms for Enterprise Internal Controls and relevant requirements on 31 December 2016.

The disclosure state of internal control audit report	Disclosed
Disclosure date of full text of internal control audit report	27 March 2017
Disclosure index of full text of internal control audit report	www.cninfo.com.cn
Category of opinions in internal control audit report	Unqualified opinions
Whether there is material defects in non-financial report	No

**Whether the accountants firm prescribes internal control audit report of nonstandard views**

Yes     No

**Whether the internal control audit report prescribed by accountants firm is consistent with the self-evaluation report of the Board**

Yes     No

## Chapter XI

**Corporate Governance and Corporate Governance Report****Part II: CORPORATE GOVERNANCE REPORT (PREPARED IN ACCORDANCE WITH THE REQUIREMENTS OF THE HONG KONG LISTING RULES)**

The Company has been committed to enhancing its corporate governance standards. Through strict corporate governance practices, the Company strives to enhance corporate value and ensure our long-term sustainable development, and to fulfil corporate responsibility as a listed company as well as maximise long-term Shareholders value. 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 deviation of the code provisions A.2.7 and A.6.7. The details of deviation of the code provisions of Corporate Governance Code and its considerations are disclosed in relevant paragraphs below.

**1. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS**

The Company has adopted the provisions in relation to dealing in shares of the Company by Directors and Supervisors as set out in Appendix 10 of the Hong Kong Listing Rules. Having made enquiries to all Directors and Supervisors, each Director and Supervisor has confirmed to the Company that each of them has complied with the requirements set out in the Model Code during the Reporting Period.

**2. THE BOARD****(1) Authorities of 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 2015 annual general meeting held on 31 May 2016, the Company has amended the Articles of Association and the Rules of Procedures of the Board. The full text of the amended Articles of Association and Rules of Procedures of the Board were published on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the Hong Kong Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 1 June 2016.

In accordance with the Articles of Association and the Rules of Procedures of the Board, the authorities of the Board include: (1) to convene general meetings and report to the meetings; (2) to implement the resolutions passed at general meetings; (3) to determine the Company's business plans and investment schemes; (4) to prepare the Company's annual financial budget and final accounts; (5) to formulate the Company's profit distribution plan and loss recovery plan; (6) to formulate proposals for increases or reductions of the Company's registered capital and for the issuance and listing of corporate bonds or other securities; (7) to draft plans for material acquisition, share repurchase, merger, division, dissolution or change in corporate form; (8) to determine matters relating to the Company's external investment, asset acquisition and disposal, asset mortgage, and external guarantee within the authorisation of the general meeting; (9) to determine the establishment of the Company's internal management structure; (10) to appoint or dismiss the Company's president and the secretary of the Board; and pursuant to the president's nominations, to appoint or dismiss senior officers including vice presidents and chief financial officer of the Company and to decide on their remuneration, rewards and penalties; (11) to formulate the Company's basic management system; (12) to formulate the proposed amendments to the Articles of Association; (13) to deal with information disclosures of the Company; (14) to propose to the general meeting for appointment or replacement of the accounting firms serving as the auditors of the Company; (15) to receive work report submitted by the president and to review his performance; (16) to evaluate and determine the nature and extent of risks the Company is willing to take in achieving its strategic objectives, and



## Corporate Governance and Corporate Governance Report

to ensure that the Company establishes and maintains appropriate and effective risk management and internal control systems; (17) to supervise the management on the design, implementation and monitoring of the risk management and internal control systems; and (18) to exercise other duties and powers specified in the laws, administrative regulations, rules of regulatory authorities or the Articles of Association.

During the Reporting Period, the Directors and the Board of the Company carried out corporate governance duties in respect of the Company in a serious and responsible manner. The Directors were elected by strictly following the procedures for election and appointment of Directors provided for in the Articles of Association. All Directors attended Board meetings in a serious and responsible manner, performed their duties as Directors seriously and diligently, made important decisions concerning the Company, appointed and removed and supervised the members of the operation units of the Company.

### (2) Composition of the Board

According to the Articles of Association, the Board consists of eight Directors, among whom there are one chairman, one vice chairman and three independent non-executive Directors.

During the Reporting Period, the Board completed re-election. The appointments of current Directors of the eighth session of the Board were considered and approved on 31 May 2016 at the 2015 annual general meeting of the Company. The current Directors include: Mr. Wang Hong (chairman), Mr. Wang Yuhang (vice chairman), Mr. Wang Zhixian and Mr. Liu Chong as non-executive Directors; Mr. Mai Boliang as an executive Director; and Mr. Pan Chengwei, Mr. Pan Zhengqi and Mr. Wong Kwai Huen, Albert as independent non-executive Directors. Mr. Zhang Liang, Mr. Wu Shuxiong and Mr. Li Kejun, all being members of the seventh session of the Board, resigned on 31 May 2016 upon expiry of their terms of office.

Among the current Directors, the four non-executive Directors have vast and extensive experience in business and management; the three independent non-executive Directors also own profound academic and professional qualifications and rich industry experience in shipping, finance, legal and management. Especially, Mr. Pan Chengwei, independent non-executive Director, has appropriate accounting and financial management expertise. The professional qualifications and abundant experience of current Directors help the Board rigorously review and monitor management procedures to ensure the interests of all Shareholders, including minority Shareholders. Profiles of Directors of the Company are set out in the section headed "Brief Biography of the Directors" under "Chapter X Information on Directors, Supervisors, Senior Management and Employees" of this Report. The personnel qualification and composition of the Board of the Company comply with Rule 3.10 and Rule 3.10A of the Hong Kong Listing Rules.

There are three independent non-executive Directors in the Board of the Company, exceeding one third of the total number of Directors of the Board, which satisfied the requirements regarding the number of independent non-executive directors under the Hong Kong Listing Rules. The three independent non-executive Directors perform their duties seriously according to the Articles of Association and the relevant requirements under the applicable laws and regulations, and do not hold other positions in the Company. The Company has received annual confirmation of independence for 2016 from each of the three independent non-executive Directors pursuant to Rule 3.13 of the Hong Kong Listing Rules. The Company considers that the three independent non-executive Directors are completely independent of the Company, its substantial Shareholders and its connected persons and comply with the requirements under the Hong Kong Listing Rules.

There are no financial, business, family or other significant/related relationships among the Board members, chairman and CEO and president.

## Chapter XI

### Corporate Governance and Corporate Governance Report

#### (3) Board Meeting

##### a. Attendance

Pursuant to the Articles of Association, the Board shall convene at least four meetings each year. In 2016, the Board convened 22 meetings, including 4 on-site meetings and 18 meetings voting in written form. The attendance of all Directors to the meetings is as follows:

Name	Position	Board Meeting		Rate of attendance in person (%)
		Time of attendance in person	Time of attendance by proxy	
Wang Hong	Chairman, non-executive Director	22	0	100%
Wang Yuhang	Vice chairman, non-executive Director	15	1	94%
Mai Boliang	Executive Director	22	0	100%
Wang Zhixian	Non-executive Director	16	0	100%
Liu Chong	Non-executive Director	15	1	94%
Pan Chengwei	Independent non-executive Director	22	0	100%
Pan Zhengqi	Independent non-executive Director	16	0	100%
Wong Kwai Huen, Albert	Independent non-executive Director	22	0	100%
Zhang Liang	Vice chairman (resigned)	6	0	100%
Wu Shuxiong	Non-executive Director (resigned)	6	0	100%
Li Kejun	Independent non-executive Director (resigned)	6	0	100%

## Chapter XI

## Corporate Governance and Corporate Governance Report

## b. The Convening of the Board Meetings and the Resolutions Considered

The Board convened 22 Board meetings and 15 meetings of special committees of the Board and passed 35 resolutions of the Board and 49 letters of opinions from Board committees during the Reporting Period.

Session of meeting of the Board	Date	Resolutions of the Board considered
The 1st meeting in 2016 of the 7th session	17 February 2016	Resolution on matters regarding equity financing of Shenzhen CIMC Electricity Commerce and Logistics Technology Co., Ltd.
The 2nd meeting in 2016 of the 7th session	28 March 2016	<ol style="list-style-type: none"> <li>1. Resolutions of the second meeting in 2016</li> <li>2. Resolution on the financing scheme for 2016</li> <li>3. Resolution regarding banking facility and project guarantee for the subsidiaries of the Company in 2016</li> <li>4. Resolution regarding banking facility guarantee provided by CIMC Vehicle (Group) Co., Ltd. for its subsidiaries</li> <li>5. Resolution regarding the credit guarantee provided by CIMC Vehicle (Group) Co., Ltd. and its non-wholly-owned subsidiaries to their distributors and customers</li> <li>6. Resolution regarding the application of external guarantee provided by CIMC Finance Company Ltd. to members of the Group</li> <li>7. Resolution regarding the credit guarantee provided by C&amp;C Trucks Co., Ltd. and its non-wholly-owned subsidiaries to their distributors and customers</li> <li>8. Resolution regarding the execution of daily related-party transactions/ continuing connected transactions in 2015</li> </ol>
The 3rd meeting in 2016 of the 7th session	8 April 2016	Resolutions of the third meeting in 2016 of the seventh session of the Board
The 4th meeting in 2016 of the 7th session	28 April 2016	Resolution on the first quarterly report of 2016
The 5th meeting in 2016 of the 7th session	9 May 2016	Resolution on the shareholding structure collation programme for the container sector
The 6th meeting in 2016 of the 7th session	24 May 2016	Resolution on re-electing the board and the supervisory committee of CIMC Container Holding Co., Ltd. (中集集團集裝箱控股有限公司)
The 1st meeting in 2016 of the 8th session	31 May 2016	Resolution on the first meeting of the year 2016
The 2nd meeting in 2016 of the 8th session	17 June 2016	Resolution on adjusting the fixed remuneration of Mr. Mai Boliang, the Company's CEO and president for 2016
The 3rd meeting in 2016 of the 8th session	23 June 2016	<ol style="list-style-type: none"> <li>1. Resolution on establishing CIMC Offshore Engineering (Group) Co., Ltd. (中集海洋工程(集團)有限公司) (intended name)</li> <li>2. Resolution on the shareholding realignment proposal for CIMC Modern Logistics Development Co., Ltd.</li> </ol>
The 4th meeting in 2016 of the 8th session	15 July 2016	Resolution on transfer of equity interest in pallet container business to CIMC Vehicle (Group) Co., Ltd.
The 5th meeting in 2016 of the 8th session	26 July 2016	Resolution on adjustments to exercise prices under the A Share Option Incentive Scheme

## Chapter XI Corporate Governance and Corporate Governance Report

Session of meeting of the Board	Date	Resolutions of the Board considered
The 6th meeting in 2016 of the 8th session	15 August 2016	Resolution on the land commercialisation programme for the stock of land
The 7th meeting in 2016 of the 8th session	22 August 2016	Resolution on the application for listing of CIMC Eco Material Supply Co., Ltd. on the National Equities Exchange and Quotations System
The 8th meeting in 2016 of the 8th session	24 August 2016	Resolutions on the ordinary related party transactions/continuing connected transactions entered into between the Company and China Shipping Container Lines Company Limited
The 9th meeting in 2016 of the 8th session	30 August 2016	<ol style="list-style-type: none"> <li>1. Resolutions of the ninth meeting in 2016 of the eighth session of the Board</li> <li>2. Resolution on consenting to the acquisition of 100% equity interest in Guangdong CIMC Vehicle Industry Garden</li> <li>3. Resolutions on approving the Manual for Risk Management of CIMC and the Risk Assessment Report (including Risk Assessment Standards) of CIMC for 2016</li> </ol>
The 10th meeting in 2016 of the 8th session	27 October 2016	<ol style="list-style-type: none"> <li>1. Resolution on the third quarterly report of 2016</li> <li>2. Resolution on the convening of the first extraordinary general meeting of 2016</li> </ol>
The 11th meeting in 2016 of the 8th session	11 November 2016	Resolutions on the ordinary related party transactions/continuing connected transactions entered into between the Company and China Shipping Container Lines Company Limited
The 12th meeting in 2016 of the 8th session	5 December 2016	Resolution on introducing a strategic investor to CIMC Offshore Engineering
The 13th meeting in 2016 of the 8th session	16 December 2016	Resolution on electing a Director to chair the first extraordinary general meeting in 2016
The 14th meeting in 2016 of the 8th session	19 December 2016	Minutes of meeting
The 15th meeting in 2016 of the 8th session	23 December 2016	Resolution on the participation in the establishment of a partnership and a project company for CIMC offshore platforms
The 16th meeting in 2016 of the 8th session	29 December 2016	Resolution on the change in accounting policies

Corporate Governance Code A.2.7 of the Corporate Governance Code requires that “The chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present”. The Company has only one executive Director and the Company’s daily business operation is managed and monitored by the executive Director. The Directors consider that during the Reporting Period there is no meeting which the executive Director needs to be avoided. Therefore, the Company has not held a board meeting without the executive Director present during the Year.

## Corporate Governance and Corporate Governance Report

Corporate Governance Code A.6.7 of the Corporate Governance Code 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”. Pan Zhengqi, an independent non-executive Director, failed to attend the 2015 annual general meeting, the first 2016 A Shareholders’ class meeting and the first 2016 H Shareholders’ class meeting due to work reasons; Pan Chengwei and Wong Kwai Huen, Albert, independent non-executive Directors, failed to attend the first 2016 extraordinary general meeting due to work reasons; and non-executive Directors Mr. Wang Yuhang, Mr. Wang Zhixian and Mr. Liu Chong failed to attend the first 2016 extraordinary general meeting due to work reasons.

### (4) Responsibilities and Authorities of the Board and the Management

The Board and the management have different responsibilities and authorities. For details of responsibilities of the Board, please refer to the Articles of Association and the Rules of Procedures of the Board, and for the brief overview, please refer to “(1) Authorities of the Board” of “2. The Board” in this chapter of this Report. The management is responsible for the daily operation and accountable to the Board by timely providing adequate data to it and its special committees to ensure their informed decision-making.

### (5) Chairman and President

The chairman and the president of the Company are two different positions with different duties and responsibilities. Mr. Wang Hong is the chairman of the Company and Mr. Mai Boliang is the CEO and president of the Company.

Pursuant to the Articles of Association, the primary duties and responsibilities of the chairman of the Company include: (1) chairing the general meetings and convening and chairing meetings of the Board; (2) urging and inspecting the implementation of Board resolutions; (3) signing share certificates, debentures and other quoted securities of the Company; (4) signing important documents of the Board and other documents which should be signed by the Company’s legal representative; (5) exercising the authorities and powers of a legal representative; (6) exercising special discretionary power on corporate affairs in accordance with laws and in the Company’s interests in case of emergency situations such as the occurrence of natural disasters of an exceptional scale and other force majeure events, and providing aftermath reports to the Board and general meeting; and (7) performing other duties and powers authorised by the Board.

Pursuant to the Articles of Association, the primary duties and responsibilities of the president of the Company include: (1) managing production and operation and reporting to the Board; (2) organising the implementation of Board resolutions, organising the implementation of annual business plans and investment plans of the Company; (3) formulating plans for the establishment of internal management institutions of the Company; (4) devising the basic management system of the Company; (5) formulating specific rules and regulations of the Company; (6) advising the Board to appoint or dismiss vice presidents and the chief financial officer; (7) appointing or dismissing management staff other than those to be appointed or dismissed by the Board; (8) developing salary, benefits, rewards and punishments of employees of the Company, deciding on appointing or dismissing of employees of the Company; (9) being responsible for designing, implementing and monitoring the risk management and internal control systems of the Company; (10) being accountable to the Board for ensuring the effectiveness of the risk management and internal control systems; (11) proposing to hold extraordinary meeting of the Board; and (12) performing other duties and powers authorised by the Articles of Association or the Board.

## Chapter XI

**Corporate Governance and Corporate Governance Report****(6) Term of Office and Service Contracts of Directors and Supervisors**

Pursuant to the Articles of Association, the Directors of the Company shall be elected at the general meeting and serve a term of office of three years. Upon the expiry of their term of office, the Directors may be re-elected for another session, provide that independent non-executive Directors shall not be re-elected for more than two sessions. Directors' service contracts shall be signed between the Company and relevant Directors upon the election of Directors considered and approved at the general meeting. During this year, the changes of Directors and Supervisors of the Company are listed in "IV. Changes of Directors, Supervisors and Senior Management of the Company" of "Chapter X Information on Directors, Supervisors, Senior Management and Employees" in this Report.

Chairman Wang Hong and executive Director Mai Boliang signed the service contracts with the Company on 5 December 2012. Principal terms of such service contracts include: (1) the service contracts shall be valid from the listing date (19 December 2012) to the 2012 annual general meeting convened in June 2013. Upon the expiry, both contracts can be renewed for another three years; and (2) the service contracts may be terminated in accordance with respective terms stipulated therein. Wang Yuhang, Wang Zhixian and Liu Chong, all being non-executive Directors, signed the service contracts with the Company on 31 May 2016. Principal terms of such service contracts include: (1) the service contracts shall be valid from the 2015 annual general meeting (31 May 2016) to the 2018 annual general meeting. Upon the expiry, the contracts can be renewed for another three years; and (2) the service contracts may be terminated in accordance with respective terms stipulated therein. The service contracts can be updated according to the Articles of Association and applicable laws, rules and regulations.

Mr. Pan Chengwei and Mr. Wong Kwai Huen, Albert, both being independent non-executive Directors, signed service contracts with the Company on 28 June 2013, with major terms including: (1) the service contracts shall be valid from the 2012 annual general meeting (28 June 2013) to the 2015 annual general meeting of the Company. Upon the expiry, the contracts can be renewed for another three years; and (2) the service contracts may be terminated in accordance with respective terms stipulated therein. Pan Zhengqi, an independent non-executive Director, signed the service contract with the Company on 31 May 2016, with details including: (1) the service contract shall be valid from the 2015 annual general meeting (31 May 2016) to the 2018 annual general meeting of the Company. Upon the expiry, the contract can be renewed for another three years; and (2) the service contract may be terminated in accordance with terms stipulated therein.

The Company entered into service contracts with Zhang Mingwen (the chairman of the Supervisory Committee), Lv Shengzhou (Supervisor) and Xiong Bo (Supervisor) respectively on 31 May 2016, 20 December 2016 and 4 December 2013.

For details of the term of current Directors and Supervisor, please refer to "I. Brief Biography of the Directors, Supervisors and Senior Management" of "Chapter X Information on Directors, Supervisors, Senior Management and Employees" of this Report.

Apart from disclosed above, no Director or Supervisor has a service contract or attempt to enter a service contract (which is not terminable by the Company within one year without payment of compensation, save for statutory compensation) with any member of the Group.

**Corporate Governance and Corporate Governance Report****(7) Directors' Remuneration**

Among the eight Directors of the Company, Mr. Mai Boliang was paid by the Company due to his both positions as CEO and president. The Company did not pay any remuneration to any of the non-executive Directors during the Reporting Period. As considered and approved by the Board and the general meeting, each of the independent non-executive Directors was entitled to an allowance of RMB200,000 per annum. Other than that, the Company did not provide other remuneration to the independent non-executive Directors during the Reporting Period. Details of remuneration paid to the Directors by the Company during this year are listed in "VI. Remuneration of Directors, Supervisors and Senior Management" of "Chapter X Information on Directors, Supervisors, Senior Management and Employees" in this Report. In the review and determination of specific remuneration packages for the Directors, the Company's Remuneration and Appraisal Committee may consider factors such as salaries paid by comparable companies, time of commitment and responsibilities of the Directors. For details of the specific appraisal procedures and remuneration determination scheme for the Directors, please refer to "(1) Remuneration and Appraisal Committee" of "3. Special Committees of the Board" under "Part II: Corporate Governance Report (Prepared in Accordance with the Requirements of the Hong Kong Listing Rules)" in this chapter of this Report.

During the Reporting Period, the Company didn't make any payments nor provide any benefit in respect of the termination of the service of Directors (whether rendered in the capacity of Directors or in any other capacity during term of office as Directors).

**(8) Interests of Directors****a. Interests of Directors and Supervisors in Contracts**

During the Reporting Period, none of the Directors or Supervisors of the Company had any material personal interests, either directly or indirectly, in any transaction, arrangement or contract of significance where the Company or any of its subsidiaries was a party.

**b. Competing Interests of Directors and Supervisors**

Mr. Wang Hong and Mr. Wang Zhixian, the non-executive Directors of the Company, serve as the directors of China Merchants Group's subsidiary China Merchants Port. China Merchants Port and its controlling shareholder China Merchants Group are the first largest Shareholder of the Company. The offshore engineering business of China Merchants Group competes with that of the Group. For details, please refer to "3. Horizontal Competitions" of "Chapter XI Corporate Governance and Corporate Governance Report" in this report.

Mr. Liu Chong, a non-executive Director of the Company, serves as the managing director of COSCO SHIPPING Development. COSCO SHIPPING Development and its controlling shareholders China COSCO Shipping are the second largest Shareholder of the Company. Their container manufacturing, logistics service and financial leasing businesses compete with those of the Company. For details, please refer to "3. Horizontal Competitions" of "Chapter XI Corporate Governance and Corporate Governance Report" in this report.

Save as disclosed above, none of the Directors or Supervisors, nor any entity related to such Directors/Supervisors, have or have ever had any interests in a business that competes or may compete directly or indirectly with the business of the Group.



## Chapter XI

**Corporate Governance and Corporate Governance Report****(9) Measures to Ensure Director's Fulfilment of Responsibilities**

- a. Upon assumption of duty by the Directors, the Company shall provide relevant instruction materials. Information about the Company's business and operation shall be provided on a regular basis as well. The dynamic data on relevant new laws and regulations and internal publications shall be given from time to time. Relevant continuous professional training shall be organised at the Company's cost to help Directors fully understand their responsibilities prescribed in the Hong Kong Listing Rules and other relevant laws and regulations, and comprehensively understand the operation of the Company in a timely manner. In order to ensure the fulfilment of responsibilities by independent non-executive Directors, the Company will also arrange independent non-executive Directors to conduct field visits and to develop ample communication with the senior management (including the general manager of the financial department) and the auditors of the Company.
- b. To ensure their continued development and update of knowledge and skills for better performance of their duties, the Directors attended the training provided by the lawyers and the auditors. According to records kept by the Company, in 2016, the Directors of the Company received the following trainings:

Name	Position	Laws, regulations and rules and other reading materials
Wang Hong	Chairman and non-executive Director	1. Presentation material for compliance training in relation to the Hong Kong listed companies provided by Paul Hastings
Wang Yuhang	Vice Chairman and non-executive Director	
Mai Boliang	Executive Director, CEO and president	2. Research on the latest market trend provided by PricewaterhouseCoopers according to the revised Hong Kong "Corporate Governance Code"
Liu Chong	Non-executive Director	
Wang Zhixian	Non-executive Director	
Pan Chengwei	Independent non-executive Director	
Pan Zhengqi	Independent non-executive Director	
Wong Kwai Huen, Albert	Independent non-executive Director	

- c. The Company shall engage auditors, independent financial advisers, lawyers and other relevant independent professionals for independent professional advice as required when commenting on matters such as external guarantees, capital occupation and connected transactions of the Company by the Directors, in order to assist the Directors in fulfilling their responsibilities.
- d. Concerning possible legal risks that the Directors, the Supervisors and the senior management of the Company might face during their fulfilment of responsibilities, on 5 June 2016, the Company contracted with Ping An Property & Casualty Insurance Company of China, Ltd. on "Ping An liability insurance for Directors, Supervisors and senior management" with a term of 1 year and a compensation limit of RMB100 million/year.



**Corporate Governance and Corporate Governance Report****3. SPECIAL COMMITTEES OF THE BOARD**

Under the Board, there are Remuneration and Appraisal Committee, Nomination Committee, Audit Committee, Strategy Committee and Risk Management Committee. Their main responsibility is to support the decision-making of the Board. Directors who participate in the special committees focus on the research of certain issues based on the division of work and provide suggestions that would help improve and enhance the management of the Company.

**(1) Remuneration and Appraisal Committee****a. Duties and Responsibilities of the Remuneration and Appraisal Committee**

The main duties and responsibilities of the Remuneration and Appraisal Committee of the Company are: (1) to study and formulate evaluation criteria for senior management, to perform evaluation and propose remuneration policies and plans; (2) to make recommendations regarding the evaluation criteria and remuneration policies of Directors; (3) to formulate share incentive plans pursuant to provisions of relevant laws, regulations and normative documents; (4) to be responsible for the management of share incentive plans, including but not limited to reviews on the qualification of grantees, grant condition and condition for exercising the same; and (5) to carry out other matters authorised by the Board.

On August 2016, the Board has considered and approved the revised Implementation Rules of the Remuneration and Appraisal Committee of the Board of Directors of China International Marine Containers (Group) Co., Ltd., the text of which was published on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 31 August 2016.

**b. Members of the Remuneration and Appraisal Committee and the Attendance Rate**

The Remuneration and Appraisal Committee comprises five Directors, including three independent non-executive Directors and two non-executive Directors. During the Reporting Period, the Remuneration and Appraisal Committee complete re-election. Current members include chairman, namely, Mr. Pan Zhengqi and members, namely, Mr. Pan Chengwei, Mr. Wong Kwai Huen, Albert, Mr. Wang Zhixian and Mr. Liu Chong

Members of the Remuneration and Appraisal Committee	Time of attendance in person	Time of attendance by proxy
Mr. Li Kejun (resigned on 31 May 2016)	3	0
Mr. Pan Zhengqi (chairman)	2	0
Mr. Pan Chengwei (member)	5	0
Mr. Wong Kwai Huen, Albert (member)	5	0
Mr. Wang Hong (resigned on 31 May 2016)	3	0
Mr. Wu Shuxiong (resigned on 31 May 2016)	3	0
Mr. Wang Zhixian (member)	2	0
Mr. Liu Chong (member)	2	0



## Chapter XI

**Corporate Governance and Corporate Governance Report**c. **Work of the Remuneration and Appraisal Committee during the Reporting Period**

The Remuneration and Appraisal Committee held 5 meetings during the Reporting Period, and the proposals they deliberated are as follows:

Session of meeting	Date	Resolutions considered
The 1st meeting in 2016 of the 7th session	28 March 2016	Opinion on disclosure of remuneration of Directors, Supervisors and senior management for 2015
The 2nd meeting in 2016 of the 7th session	7 April 2016	Opinion on the amendments to CIMC Vehicle (Group) Co., Ltd. Equity Trust Plan (Draft) (《中集車輛(集團)有限公司股權信託計劃(草案)》)
The 3rd meeting in 2016 of the 7th session	30 May 2016	Opinion on plan of paying remuneration to Mai Boliang as CEO and president for 2015
The 1st meeting in 2016 of the 8th session	31 May 2016	The 1st minutes of meeting in 2016 of the 8th session
The 2nd meeting in 2016 of the 8th session	29 August 2016	Resolution on the amendments to the Implementation Rules of the Remuneration and Appraisal Committee of the Board The 2nd minutes of meeting in 2016 of the 8th session

d. **Decision Process for Remuneration**

The appraisal procedures of Remuneration and Appraisal Committee include: (1) the Remuneration and Appraisal Committee determines the list of staff to be appraised and submits to the Board for consideration and approval; (2) the staff to be appraised submit a work report and provide self-evaluation to the Remuneration and Appraisal Committee of Board; (3) the Remuneration and Appraisal Committee evaluates the performance of the staff based on the evaluation criteria and procedures; and (4) the Remuneration and Appraisal Committee proposes the remuneration scheme or recommendation for each staff based on their results of performance evaluation and the remuneration distribution policy, and reports it to the Board after passing the vote.

According to the Implementation Rules of the Remuneration and Appraisal Committee, the remuneration plan of the Company's Directors proposed by the Remuneration and Appraisal Committee shall be submitted to the Board for discussion and consent, and then submitted to the general meeting for consideration and approval before implementation; The remuneration distribution plan of senior management shall be submitted to the Board for examination and approval before implementation. Model (ii) of Rule B.1.2(c) in Appendix 14 of the Hong Kong Listing Rules is adopted for the procedures for determination of remuneration.

**Corporate Governance and Corporate Governance Report****(2) Nomination Committee****a. Duties and Responsibilities of the Nomination Committee**

The main duties and responsibilities of the Nomination Committee are: (1) to review the structure, size and composition of the Board annually on a regular basis (including the aspects of skill, knowledge and experience) and make recommendations on any proposed changes to the Board to keep in line with the Company's strategy; (2) to identify individuals qualified to become Board members and select and make recommendations to the Board on the selection of individuals nominated for directorships; (3) to assess the independence of independent non-executive Directors; (4) to make recommendations to the Board on relevant matters relating to the appointment or reappointment of Directors, and succession plan for Directors (especially chairman of the Board and president); (5) to evaluate the Directors' work and make suggestions or recommendations on the replacement of Directors based on the evaluation results (if applicable); (6) to fully consider the Company's policy on diversity of Board members when fulfilling responsibilities, i.e. the selection of candidates for the Board will be based on a diverse range of criteria, including but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge; On top of the above conditions, qualities such as the candidate's comprehensive value to the Company's business and development, his/her potential contribution to the Board and requirements on diversity of the Board members will be taken into account when the final decision is made; (7) to review, where appropriate, the Company's policy on diversity of Board members as well as the measurable goals and progress of the policy implementation to ensure its efficiency; and (8) to perform other duties authorised by the Board.

**b. Members of the Nomination Committee and the Attendance Rate**

The Nomination Committee comprises three Directors, including two independent non-executive Directors and one non-executive Director. During the Reporting Period, the Nomination Committee completed the re-election. Current members include chairman, namely, Mr. Wong Kwai Huen, Albert and members, namely, Mr. Wang Hong and Mr. Pan Chengwei.

Member of the Nomination Committee	Time of attendance in person	Time of attendance by proxy
Mr. Wong Kwai Huen, Albert (chairman)	3	0
Mr. Wang Hong (member)	3	0
Mr. Pan Chengwei (member)	3	0

## Chapter XI

**Corporate Governance and Corporate Governance Report****c. Work of the Nomination Committee during the Reporting Period**

The Nomination Committee held 3 meetings during the Reporting Period, and the proposals deliberated are as follows:

Session of meeting	Date	Resolutions considered
The 1st meeting in 2016 of the 7th session	28 March 2016	Audit opinion on review of the structure, number of members and composition of the Board
The 2nd meeting in 2016 of the 7th session	7 April 2016	Opinion on proposal of candidates as Directors and independent Directors of the 8th session of the Board
The 1st meeting in 2016 of the 8th session	31 May 2016	Opinion on the succession plan for chairman

**d. Policy of Diversity of the Board Members**

The Company revised the Implementation Rules for the Nomination Committee on 25 March 2014, which clarified the policy of diversity of the Board members, i.e. the selection of candidates for the Board will be based on a diverse range of criteria, including but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge. On top of the above conditions, qualities such as the candidate's comprehensive value to the Company's business and development, his/her potential contribution to the Board and requirements on diversity of the Board members will be taken into account when the final decision is made. The Board considers that the Company's existing practices are in line with the requirements of the Hong Kong Listing Rules on diversity of the Board members.

**e. Procedures and Criteria of Nomination of Directors**

According to the Implementation Rules of the Nomination Committee, the procedures of nomination and selection for Directors should include that: (1) the Nomination Committee shall proactively exchange views with relevant departments of the Company to study the need of the Company for new Directors, and formulate written materials; (2) the Nomination Committee may conduct extensive search for candidates for Directors among employees of the Company, its Shareholders and in the open recruitment market; (3) information including the profession, education, professional titles, detailed work experience and all part-time jobs etc. of the preliminary candidates shall be collected, and written materials shall be formulated; (4) the nominee's consent to nomination shall be sought, failing which such nominee shall not be named as a candidate for Director; (5) a meeting of the Nomination Committee shall be convened, at which qualification-vetting of the preliminary candidates shall be carried out based on the terms of appointment for Directors; (6) the Nomination Committee shall submit its recommendations for candidates for Directors together with relevant materials to the Board one to two months prior to the election of new Directors; and (7) other subsequent tasks to be undertaken pending on the decision and feedback of the Board.

**Corporate Governance and Corporate Governance Report**

Pursuant to the Articles of Association, election and replacement of Directors shall be proposed to general meeting for approval. The Nomination Committee of the Board (the Board), the Supervisory Committee and the Shareholders whose shareholding represents 1% or more of the voting shares of the Company are entitled to raise proposals. The Office of the Secretary to the Board is responsible for preparing relevant procedural documents, including but not limited to recommendation letters, resume of candidates, tables of basic information and letters of resignations, which shall be submitted to the Board for consideration, and then to the general meeting for approval upon the consent of the Director candidates and qualification review of the Board's Nomination Committee. At the same time, resigning Directors are requested to sign resignation letters. Pursuant to the Articles of Association, the Company is required to give notice of the general meeting to the Shareholders in writing 45 days in advance and send a circular to the Shareholders. Pursuant to Rule 13.51(2) of the Hong Kong Listing Rules, information concerning the name list, resumes and emoluments of the candidates for directorship must be set out in the circular to Shareholders to facilitate voting by Shareholders. The new Directors must be approved by more than half of the total voting shares held by the Shareholders present in person or by proxy at the general meeting.

**(3) Audit Committee****a. Duties and Responsibilities of the Audit Committee**

As considered and approved by the Board on 8 April 2016, the Company has amended the Implementation Rules of the Audit Committee. The revised main duties of the Audit Committee include: to handle the relationship with the external auditing body of the Company; to review the financial information of the Company; to monitor the Company's financial reporting system and internal control procedures. For details about primary responsibility and authority of Audit Committee, please refer to the revised Implementation Rules of the Audit Committee published on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)), the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.cimc.com](http://www.cimc.com)) on 9 April 2016.

**b. Members of the Audit Committee and the Attendance Rate**

The Audit Committee comprises three independent non-executive Directors. During the Reporting Period, the Audit Committee completed the re-election. Current members are, chairman, Mr. Pan Chengwei and members, Mr. Pan Zhengqi and Mr. Wong Kwai Huen, Albert.

Member of the Audit Committee	Time of attendance in person	Time of Attendance by proxy
Mr. Pan Chengwei (chairman)	7	0
Mr. Pan Zhengqi (member)	5	0
Mr. Wong Kwai Huen, Albert (member)	7	0
Li Kejun (resigned on 31 May 2016)	2	0

## Chapter XI

**Corporate Governance and Corporate Governance Report**c. **Work of the Audit Committee during the Reporting Period**

During the Reporting Period, the Audit Committee held 7 meetings. 4 of the meetings of the Audit Committee were held by way of written resolution.

Session of meeting	Date	Resolutions considered
The 1st meeting in 2016 of the 7th session	8 March 2016	Nil
The 2nd meeting in 2016 of the 7th session	27 March 2016	Opinion on matters concerning the 2nd meeting in 2016 (totalling 6 items of opinions), including audit on the annual report of 2015 of the Company
The 1st meeting in 2016 of the 8th session	24 August 2016	Opinion on continuous connected transactions/daily related transactions with China Shipping Container Lines Co., Ltd.
The 2nd meeting in 2016 of the 8th session	29 August 2016	Minutes of meeting Opinion on auditing the interim financial report of 2016
The 3rd meeting in 2016 of the 8th session	26 October 2016	Opinion on auditing the third quarterly financial report of 2016
The 4th meeting in 2016 of the 8th session	10 November 2016	Opinion on auditing the continuous connected transactions/daily related transactions with China Shipping Container Lines Co., Ltd.
The 5th meeting in 2016 of the 8th session	20 December 2016	Minutes of meeting Opinion on auditing the changes of accounting policies

**(4) Strategy Committee**

The main duties and responsibilities of the committee are: to study and make recommendations on the Company's long-term strategic development plan, on the major investment programme that is subject to the approval of the Board, and on the major capital operations and asset management projects that shall be subject to the approval of the Board; and to perform other duties authorised by the Board.

Members of Strategy Committee comprise two non-executive Directors and one executive Director. Current members are: chairman of the committee, Mr. Wang Hong, and members, Mr. Wang Yuhang and Mr. Mai Boliang.

During the Reporting Period, the Strategy Committee of the Company held meetings through interviews, telephone, email, electronic communications and other methods to discuss important matter of the Company, kept close and effective communication and ensured the performance of its duties and responsibilities. Meanwhile, the investment and M&A leading group of CIMC under the Strategy Committee also held 4 meetings on investment projects to fully evaluate the Company's major investments, which provided a strong basis for the decision of the Board.

**Corporate Governance and Corporate Governance Report****(5) Corporate Governance Functions**

The Board has responsibilities of corporate governance, that is to urge the management to establish compliant organisational structure and systems, and to abide by the Corporate Governance Code and other laws and regulations in its daily management. According to the Corporate Governance Code, during the Reporting Period, the Board audited the compliance of the Company's corporate governance policies and guidelines. The Board was responsible for and performed the following corporate governance functions during the Reporting Period:

- a. To formulate and review the Company's corporate governance policies and practices;
- b. To review and monitor the training and continuous professional development of the Directors and senior management;
- c. To review and monitor the policies and practices in terms of the Company's compliance with laws and regulations;
- d. To formulate, review and monitor the code of conduct for employees and Directors; and
- e. To review the Company's compliance with the Corporate Governance Code set out in Appendix 14 of the Hong Kong Listing Rules and the disclosure in the Corporate Governance Report.

**(6) Risk Management Committee**

During the Reporting Period, in order to further strengthen the risk management and internal control system, enhance the risk control capability and optimise the corporate governance structure of the Company, the Risk Management Committee was established by the Board.

**a. Duties and Responsibilities of the Risk Management Committee**

The main duties and responsibilities of the Risk Management Committee include: (1) to supervise and provide guidance on strengthening the risk management and internal control system of the Company; (2) to consider the planning for the risk management and internal control system of the Company, the annual work plan and annual report; (3) to consider the establishment of administrative organisations of the risk management and internal control system of the Company and proposals on their responsibilities; (4) to consider the relevant rules and regulations and work flows of the risk management and internal control system of the Company; (5) to consider the Company's strategies on risk management and its risk management solutions for significant risks; (6) to study the risks and risks control of significant issues in major investment & financing activities and operation management, making recommendations to the Board in respect thereof; (7) to study the significant findings of investigations on major risk emergency events or other risk management and internal control related issues as well as the feedback from the management; (8) to handle other affairs as authorised by the Board concerning comprehensive risk management.

## Chapter XI

**Corporate Governance and Corporate Governance Report****b. Members of the Risk Management Committee and the Attendance Rate**

During the Reporting Period, the Risk Management Committee comprised five Directors. Current members are: chairman, Mr. Wang Zhixian, and members, Mr. Liu Chong, Mr. Pan Chengwei, Mr. Pan Zhengqi and Mr. Wong Kwai Huen, Albert.

Member of the Risk Management Committee	Time of attendance in person	Time of attendance by proxy
Mr. Wang Zhixian (chairman)	2	0
Mr. Liu Chong (member)	1	1
Mr. Pan Chengwei (member)	2	0
Mr. Pan Zhengqi (member)	2	0
Mr. Wong Kwai Huen, Albert (member)	2	0

**c. Work of the Risk Management Committee during the Reporting Period**

During the Reporting Period, the Risk Management Committee held 2 on-site routine meetings, discussed the risk tolerance of the Company in 2016 and 2017, the risk management report in 2016 and the working plan in 2017 as well as executed the responsibility for reviewing on the risk management and internal control system.

Session of meeting	Date	Resolutions considered
The 1st meeting in 2016 of the 8th session	29 August 2016	Minutes of meeting
The 2nd meeting in 2016 of the 8th session	20 December 2016	Minutes of meeting

**4. SHAREHOLDERS AND GENERAL MEETINGS****(1) Shareholders' Rights**

To ensure that all Shareholders of the Company enjoy equal rights and exercise their rights effectively, the Company convenes the general meetings every year pursuant to the Articles of Association.

The Company has always kept good communication with the Shareholders by reporting the performance and operations of the Group to the Shareholders through the disclosures of annual reports, interim reports and quarterly reports, as well as several other formal communication channels. At the same time, the hotline and e-mail services are available for the Shareholders to express their views or to exercise their rights. The materials on the website are regularly updated to keep the Shareholders and the public posted on the recent developments of the Company in a timely manner.

The dates, content, delivery methods, announcement methods and the Shareholders' voting procedures of the Company's circulars and notices of general meetings strictly comply with the relevant provisions of the PRC Company Law, the Articles of Association and the Hong Kong Listing Rules to ensure the exercise of the Shareholders' rights to attend the general meetings. Pursuant to the Articles of Association, the Shareholder(s) is(are) entitled to supervise the operation of the Company, raise recommendations or enquiries to the Company.

During the Reporting Period, the Company held a total of 2 general meetings, 1 A Shareholders' class meeting and 1 H Shareholders' class meeting.



Chapter XI

Corporate Governance and Corporate Governance Report

(2) Attendance of the Directors at the General Meetings

Position	Name	General meeting attended	Four general meetings convened in this year	
			Time of attendance	Attendance rate (%)
Chairman and non-executive Director	Wang Hong	Annual general meeting for 2015, first A Shareholders' class meeting for 2016, first H Shareholders' class meeting for 2016	3	75
Vice chairman and non-executive Director	Wang Yuhang	–	0	0
Executive Director	Mai Boliang	Annual general meeting for 2015, first A Shareholders' class meeting for 2016, first H Shareholders' class meeting for 2016	3	75
Non-executive Director	Wang Zhixian	–	0	0
Non-executive Director	Liu Chong	–	0	0
Independent non-executive Director	Pan Chengwei	Annual general meeting for 2015, first A Shareholders' class meeting for 2016, first H Shareholders' class meeting for 2016	3	75
Independent non-executive Director	Pan Zhengqi	First extraordinary general meeting for 2016	1	25
Independent non-executive Director	Wong Kwai Huen, Albert	Annual general meeting for 2015, first A Shareholders' class meeting for 2016, first H Shareholders' class meeting for 2016	3	75
Vice chairman and non-executive Director	Zhang Liang (retired)	Annual general meeting for 2015, first A Shareholders' class meeting for 2016, first H Shareholders' class meeting for 2016	3	100 (note)
Non-executive Director	Wu Shuxiong (retired)	Annual general meeting for 2015, first A Shareholders' class meeting for 2016, first H Shareholders' class meeting for 2016	3	100 (note)
Independent non-executive Director	Li Kejun (retired)	Annual general meeting for 2015, first A Shareholders' class meeting for 2016, first H Shareholders' class meeting for 2016	3	100 (note)

Note: During the Reporting Period, only the annual general meeting for 2015, the first A Shareholders' class meeting for 2016 and the first H Shareholders' class meeting for 2016 were convened during the terms of office of Mr. Zhang Liang, Mr. Wu Shuxiong and Li Kejun.

Details on resolutions passed at the above general meetings, have been set out in the relevant announcements published on the websites of the Shenzhen Stock Exchange, Cninfo website (www.cninfo.com.cn), the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company's website.

## Chapter XI

**Corporate Governance and Corporate Governance Report****(3) Implementation of Resolutions of Annual General Meeting by the Board**

All members of the Board have seriously and diligently performed their duties, implemented the resolutions passed at the annual general meeting and accomplished all tasks as authorised by the annual general meeting according to the relevant laws and regulations of the respective jurisdictions where the Company's shares are listed and the provisions as set out in the Articles of Association.

**(4) Procedures for Requisition to Convene a General Meeting and Proposals by Shareholders**

Pursuant to the Articles of Association, the Shareholder(s) individually or jointly holding a total of 10% or more of the shares of the Company is(are) entitled to request the Board in writing to convene an extraordinary general meeting or a class general meeting. Two or more Shareholders holding a total of 10% or more of the shares carrying voting right of the Company may sign one or more written requests of identical form and substance requesting the Board to convene a class general meeting or an extraordinary general meeting and stating the subject of the meeting. If the Board disagrees with the proposal of convening an extraordinary general meeting requested by such Shareholders, such Shareholders shall make a written resolution to the Supervisory Committee for convening such an extraordinary general meeting. If the Supervisory Committee agrees to convene such a meeting, a notice of such meeting shall be issued within five days upon receipt of the proposal. Changes made to the original proposal shall be approved by the original proposer. If the Supervisory Committee fails to dispatch a notice of the general meeting within a prescribed period of time, it shall be deemed that the Supervisory Committee fails to convene and preside over the general meeting. In that case, the Shareholder(s) individually or jointly holding 10% or more of the shares of the Company for a continuous period of 90 days may convene and preside over a general meeting by himself/themselves, provided that prior to the announcement of the resolutions of the general meeting the shares held by such convening Shareholder(s) shall not be less than 10% of the shares of the Company. The reasonable expenses incurred by such Shareholder(s) for general meeting or a class general meeting shall be borne by the Company and shall be deducted from the remuneration paid by the Company to the negligent Director(s).

Pursuant to the Articles of Association, the Shareholder(s) individually or jointly holding more than 3% of the Company's shares is(are) entitled to submit extraordinary resolutions in writing to the Board 10 days prior to the general meeting.

The Company values feedbacks from its Shareholders, investors and the public. Shareholders may submit their inquiries and questions to the Board in writing via the Company Secretary. For the contact information of the Company Secretary, please refer to the "Chapter I Corporate Profile" in this Report. Shareholders may also submit enquiries and proposals to the Company through the following:

By phone: (86 755) 2680 2706

By fax: (86 755) 2682 6579

By post: CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC

Postal code: 518067

By email: shareholder@cimc.com

**Corporate Governance and Corporate Governance Report****5. SUPERVISORS AND THE SUPERVISORY COMMITTEE**

The Supervisory Committee of the Company is accountable to the general meeting. All of the Supervisors have discharged their duties seriously in accordance with the provisions of the Articles of Association, attended all Board meetings and persistently reported their work to the general meeting. In line with the spirit of accountability to all Shareholders, the Supervisory Committee monitored the financial affairs and internal control of the Company and the performance of duties and responsibilities by the Directors, presidents and other senior management personnel of the Company to ensure that they have performed their duties in compliance with applicable laws and regulations. For details of the work of the Supervisory Committee during the Reporting Period, please refer to "Chapter VII Report of the Supervisory Committee" in this Report.

**6. ACCOUNTABILITY, AUDIT AND CONTINUING OPERATIONS**

Directors confirm that they have the responsibility to prepare the financial statements for each financial year to truly and fairly report the Group's performance and accounts regarding its results and cash flows within relevant period. The Directors audited the financial statements for the year ended 31 December 2016 prepared by the Company with the support from the accounting department of the Company, and ensured that the relevant accounting practices and policies are observed and CASBE are complied with in the compilation of the financial statements in order to report the financial position of the Company in a true and fair manner. After due enquiry, the Board considers that the Group has adequate resources to continue operations for the foreseeable future, so it is suitable to adopt an on-going concern basis for the preparation of the financial statements. The Directors did not know or discover any major uncertain events or situations that may have a material impact on the sustainable operation capability of the Company.

For details of the Auditors' reporting responsibilities and the statements of their feedbacks to the financial statements of the Company for the year ended 31 December 2016, please refer to "Chapter XII Auditor's Report" of this Report.

**7. REMUNERATION OF THE AUDITORS**

The Company has not changed its auditors within the past four years. For information relating to the remuneration received by the auditors for their services to the Company during the Reporting Period, please refer to "IX. Engagement and Disengagement of Firms of Accountants" of "Chapter VIII Significant Events" in this Report.

**8. COMPANY SECRETARY**

The Company Secretary, Mr. Yu Yuqun, shall be responsible for facilitating the Board procedures of the Company and the communications among Directors, between the Directors and the Shareholders, and among the management. The resume of Mr. Yu is listed in "I. Brief Biography of the Directors, Supervisors and Senior Management of the Company" of "Chapter X Information on Directors, Supervisors, Senior Management and Employees" of this Report. In 2016, Mr. Yu received trainings of more than 15 hours to advance his professional skills and knowledge.

The Company appointed Ms. Shen Yang as the assistant company secretary. Ms. Shen joined the Company in May 2013. Ms. Shen once worked in the investment banking division of China Merchants Securities (Hong Kong) Co., Ltd. and the corporate financing division of China Everbright International Limited. Ms. Shen obtained a master degree in business administration from Hong Kong University and a bachelor degree in management information system from Fudan University. Ms. Shen is a member of the Hong Kong Institute of Chartered Secretaries. In 2016, Ms. Shen totally accepted over 15 hours of trainings regarding updates of her professional technique and knowledge.

## Chapter XI

**Corporate Governance and Corporate Governance Report****9. INVESTOR RELATIONS**

As considered and approved at the general meeting of the Company held on 31 May 2016, the Company has amended the Articles of Association in aspects including the Company's registered capital, shareholding structure, the duties and powers of the Board, the duties and powers of the president and the cash dividend distribution policy of the Company, etc. For details, please refer to the Comparison on the Amendments to the Articles of Association and the amended Articles of Association published by the Company on Cninfo website ([www.cninfo.com.cn](http://www.cninfo.com.cn)) as well as the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cimc.com](http://www.cimc.com)) on 9 April 2016 and 1 June 2016.

For the number of Shareholders and nature of shares as at the end of 2016, please refer to "1. Number of Shareholders and Shareholdings of the Company" of "III. Shareholders and De Facto Controller" of "Chapter IX Changes in Share Capital and Information on Shareholders" of this Report.

In 2016, the Company continued to place emphasis on and committed to improving investor relations management by, in the interest of minority investors, adopting effective and innovative measures in daily work and settlement of major issues to strengthen all-around communication with Shareholders and investors. Regarding the Company's reception of investors in 2016, please refer to "X. Reception of Research, Communications and Interviews" under "Chapter V Operation Discussion and Analysis Prepared in Accordance with the Domestic Securities Regulatory Rules" of this Report. In the coming year, the Company will improve its communication with the investors and endeavour to enhance the investors' understanding to the Company. Meanwhile, it is expected that more support and attention from the investors can be earned.

**10. RISK MANAGEMENT AND INTERNAL CONTROL****(1) The Risk Management and Internal Control System of the Company and its Characteristics**

In 2016, the Company established a comprehensive risk management and internal control system in strict compliance with the requirements of China Securities Regulatory Commission, the CSRC Shenzhen Bureau and the Hong Kong Stock Exchange. According to the Criteria Benchmarks for Enterprise Internal Controls and its guidance issued by five ministries and departments of China, the requirements of the Corporate Governance Code and the Corporate Governance Report under the Hong Kong Listing Rules and by referring to guiding documents such as COSO "Corporate Risk Management – Overall Framework" and ISO 31000 "Risk Management – Principles and Guidelines", the Company has designed, implemented and monitored the risk management and internal control system. This system consists of five parts, namely risk management strategy, working system of risk management, security system of risk management, information system of risk management and risk management culture. The interdependence and synergy among each part assure the effectiveness of the risk management and internal control system. Featured by distinct division of powers and responsibilities, comprehensive coverage, prevention and control with focus, full involvement of employees and effective management and control, the system accords with the actual business conditions of the Company.

The Board of the Company attaches great importance to the construction of the risk management and internal control system of the Company. The Board optimises the risk management strategy of the Company according to the strategic planning, formulates the work policy for risk management and the risk tolerance for the year, and circulates these strategy and policy to each business department for refinement and implementation. The Audit Committee of the Board is responsible for monitoring the design, implementation and supervision of the risk management and internal control system of the Company and reports to the Board in this regard. In addition, in order to enhance the risk management level of the Company and control operating risks, the Board established the Risk Management Committee during the year. The management is responsible for the design,

## Corporate Governance and Corporate Governance Report

implementation and supervision of the risk management and internal control system. Under the authorisation of the management, the audit and supervision department of the Company is responsible for monitoring the construction, implementation and supervision of the risk management and internal control system of the Company.

During the Report Period, the Company promoted the implementation of risk management and internal control system, which major work includes the following: making over 20 amendments and additions to the company regulations by promoting the system diagnosis regarding “governance and operation in compliance with laws and regulations” of the head office; perfecting the risk management and internal control system jointly with professional advisory institutions and formulating Provisional Risk Management Manual so as to provide a standard guideline for the execution of risk management and internal control; carrying out identification and assessment on major risks of corporate level and formulating response measures for identified risks, preparing Provisional Administrative Measures for Risk Monitoring and Warning as well as regulating the work of monitoring and warning major risks; determining the risk tolerance level of the Company.

### (2) Identification, Assessment and Response Procedures for Major Risks

The Company places importance on identification and assessment of major risks, screens for major risks timely and promotes the response to major or prominent risks. Therefore, the Company established a risk identification procedure based on both historical experience and scientific forecast. The procedure requires that the head office and members of the Company shall collect various risk loss events occurred across the members annually on a periodic and irregular basis and identify other risks that the Company may confront by conducting research and forecast on the markets and economic conditions in order to adjust and update the risk database and risk sorting structure of the Company and sort out the risk databases of the members of the Company, thus formulating an overall risk database of the Company. The Company established mechanism for periodic and irregular sharing of resources from the risk database as well as communication and training in relation to risk identification measures and experiences aiming at continuously refining the risk identification procedure of the Company.

The Company promotes assessment on major risks of the Company annually on a periodic basis. According to the risk assessment procedure, risk management institutions draw up a risk assessment questionnaire according to the risk database and risk evaluation criteria of the Company and distribute it to managements of the Company and the members of the Company for appraisal and rating in order to determine the nature of the risks and formulate an initial risk sequence. The key management of the Company including the CEO carries out interviews and communication so as to determine the risk sequence. The risk management team conducts research and interview on the top five risks in the determined risk sequence in order to determine the reason, influence and solutions of the risks and prepare annual risk assessment report. The report will be submitted to the Board for approval.

The Company established a comprehensive response procedure for major risks. For identified major risks, the responsible business department shall formulate a response plan promptly and implement the plan as approved by the Board and the management. The risk management team shall be responsible for monitoring the execution of the response plan and report the execution to the management periodically. In addition, the Company established a risk monitoring and warning system. For identified major risks, the responsible risk department shall put in place relevant monitoring indicators and track down the monitoring indicators for major risks periodically. The abnormal indicators and risks monitored shall be reported to the management promptly and the management shall guide the active response by the responsible risk department. In 2016, the Company coped with major risks such as HJS bankruptcy, American presidential election and large fluctuations in exchange rate of Renminbi, etc. in a timely manner.

## Chapter XI

**Corporate Governance and Corporate Governance Report****(3) Procedures for Reviewing the Effectiveness of Risk Management and Internal Control System and Solving the Serious Deficiency in Internal Control**

The Company has carried out reviews on the effectiveness of risk management and internal control system. The review procedure includes annual risk assessment, supervision on the construction of risk management and internal control system, the up-to-standard evaluation on risk management and internal control system, audit on economic responsibility during the term of office, separate audit on projects, separate audit on procurement, supervision on the management, handling of complaints and reports, annual self-assessment on internal control.

During the Reporting Period, the Company completed over 100 reviews. The targets of the reviews were the domestic and overseas members of the Company. Through the reviews on the system, the Company has continuously improved the risk management and internal control system.

**(4) The Board's Statement on the Effectiveness of the Risk Management and Internal Control System**

The Board acknowledges that it is responsible for the effectiveness of the risk management and internal control system. During the Reporting Period, the Company has completed at least three reviews on the effectiveness of the system and the Board considers that the risk management and internal control system of the Company is effective. Meanwhile, the Board acknowledges that the risk management and internal control system of the Company is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

**(5) Procedures and Internal Control Measures for Handling and Disclosing Inside Information**

In respect of inside information disclosure procedures and internal control, the Company has promulgated the Information Disclosure Management System (《信息披露管理制度》) and the Insider Registration and Management System (《關於內幕信息知情人登記管理制度》), set up a supervision regime, specified the scope of inside information and developed the insider registration and archival-filing system. Please refer to "1. Situation of Corporate Governance" of "Part I: Corporate Governance Work Report (Prepared in Accordance with the PRC Securities Regulatory Requirements)" in this chapter hereof for details.

**11. OTHERS**

Information on Corporate Governance can be accessed on the Company's website at [www.cimc.com](http://www.cimc.com). You may access such information by following these steps:

1. Go to the Company's homepage, find and click "Investor relationship";
2. Click "Corporate Governance"; and
3. Finally, click on the information you are looking for.

## Chapter XII

# Auditor's Report



普华永道

PwC ZT Shen Zi (2017) No.10078  
(Page 1 of 10)

To the Shareholders of China International Marine Containers (Group) Co., Ltd.:

### I. Opinion

#### 1. What we have audited

We have audited the accompanying financial statements of China International Marine Containers (Group) Co., Ltd. (hereinafter "CIMC", "the Group"), which comprise:

- the consolidated and company balance sheets as at 31 December 2016;
- the consolidated and company income statements for the year then ended;
- the consolidated and company cash flow statements for the year then ended;
- the consolidated and company statements of changes in shareholders' equity for the year then ended; and
- notes to the financial statements.

#### 2. Our Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of CIMC as at 31 December 2016, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises ("CASS").

### II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of CIMC in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code.

## Chapter XII

### Auditor's Report

PwC ZT Shen Zi (2017) No.10078  
(Page 2 of 10)

### III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

1. Provision for bad debt of receivable due from Sinopacific Offshore & Engineering Co., LTD. ("SOE")
2. Impairment of long-term receivables
3. Impairment of goodwill allocated to the offshore engineering asset group and the heavy truck asset group
4. Impairment of fixed assets
5. Impairment of vessels under construction



Chapter XII  
Auditor's ReportPwC ZT Shen Zi (2017) No.10078  
(Page 3 of 10)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>1. <b>Provision for bad debt of receivable due from Sinopacific Offshore &amp; Engineering Co., LTD. ("SOE")</b></p> <p>Refer to Note II.10 – Accounting policy of receivables, Note II.34 (1) – Critical accounting estimates and judgements on impairment of receivables and Note IV.5 – Other receivables to the financial statements.</p> <p>As at 31 December 2016, the prepayment for acquisition of SOE's equity was RMB178,634,000 and the receivable due from financial assistance provided to SOE was RMB1,480,351,000, with the total of RMB1,658,985,000. Management performed an assessment on the impairment of the receivables due from SOE at the balance sheet date, taking the status of SOE's liquidation and restructuring procedures into account and with reference to the key information currently available to the Group. The key information included the amount of the assessed confirmed debts claimed by SOE's creditors and the Group's estimation on the realisable value of SOE's assets considering the potential discount of the assets upon liquidation. As a result of the assessment, the Group made a provision of RMB1,362,915,000 in the consolidated income statement.</p> <p>We focused on this area due to the significance of the provision amount and the fact that significant judgements were involved in assessing the impairment of this receivable balance and determining the provision amounts at the end of the year.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We discussed with management and understood the basis of their judgment and estimation.</li> <li>– We obtained the letter received by the Group from the liquidation administrator in which the situation of total debts claimed by SOE's creditors was depicted. We interviewed and discussed with the liquidation administrator to understand the status of SOE's liquidation and restructuring procedures, and the amount of the assessed confirmed debts claimed by SOE's creditors up to the issuance date of the Group's financial statements.</li> <li>– We obtained management's estimations on the realisable value of SOE's assets upon liquidation. We assessed their estimations through: <ul style="list-style-type: none"> <li>(1) Discussing with the liquidation administrator to assess the appropriateness of the assumptions in relation to the operational status of important construction contracts undertaken by SOE;</li> <li>(2) Checking the discount rates to those used in similar situations based on our experience and industrial knowledge when determining the realisable value of assets upon liquidation.</li> </ul> </li> </ul> <p>Based on our work performed, we found that management's assessment on impairment of this receivable balance was supported by the evidence we gathered.</p>

Chapter XII  
**Auditor's Report**

PwC ZT Shen Zi (2017) No.10078  
(Page 4 of 10)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>2. Impairment of long-term receivables</b></p> <p>Refer to Note II.10 – Accounting policy of receivables, Note II.34 (1) – Critical accounting estimates and judgements on impairment of receivables, Note IV.9 – Current proportion of non-current assets and Note IV.12 – Long-term receivables to the financial statements.</p> <p>As at 31 December 2016, the net value of long-term receivables (including those due within one year) on the Group's consolidated balance sheet was amounted to RMB17,161,931,000. In 2016, the Group made an impairment provision towards long-term receivables (including those due within one year) of RMB271,429,000 in the consolidated income statement.</p> <p>The management performed the credit review of long-term receivables to identify impairments, taking into account the lessees' payment records, the solvency of the lessees and the guarantors, the recoverable value of the leased assets and the industry prosperity of the lessees' business. Specific provision is made for long-term receivables with objective evidence of impairment, while long-term receivables for which no specific provision is made are collectively assessed for impairment using the model analysis method.</p> <p>The specific provision is measured as the difference between the long-term receivables' carrying amount and the present value of the estimated future cash flow. The key assumptions involved include: the future payment ability of the lessees and the payment time, disposal value of the leased assets and the disposal time.</p> <p>Under model analysis method, the key assumptions include similar credit risk, historical loss experience and loss emergence period.</p> <p>We focused on this area due to the fact that significant judgements were involved during impairment identification and assessment process.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>- We understood, evaluated and validated the effectiveness of the management's internal controls towards identifying impairment events of long-term receivables and assessing impairment provision, including management's credit review and the review and approval of key assumptions.</li> <li>- We performed independent credit reviews of long term receivables on a sample basis, to identify impairment events. We focus on lessees whose business are in high-risk industries or whose debts are overdue but have not been recognised as impairment, by checking their payment and overdue records, the latest financial statements of the lessees and their guarantors, and assessing the management's judgments on the recoverable value of the leased assets.</li> <li>- For the long-term receivables with identified impairment events, we have obtained the management's specific impairment provision worksheets and, on a sample basis, checked accuracy of the calculations and considered the lessees and guarantors' financial conditions and the recoverable value of the leased assets, etc. to analyse the reasonableness of the future cash flows. We also compared the estimated disposal value of the leased assets against the market price of similar assets.</li> <li>- For the long-term receivables with collective assessment provision, we have obtained management's worksheets and tested the mathematical accuracy of the calculations. We also analysed the reasonableness of the key assumptions used in the model analysis by comparing against the Group's historical data and we focused on similar credit risk, historical loss experience and loss emergence period.</li> </ul> <p>Based on our work performed, we found that management's key assumptions on impairment test of long-term receivables was supported by the evidence we gathered.</p>

Chapter XII  
Auditor's ReportPwC ZT Shen Zi (2017) No.10078  
(Page 5 of 10)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>3. Impairment of goodwill allocated to the offshore engineering asset group and the heavy truck asset group</b></p> <p>Refer to Note II.20 – Accounting policy of impairment of long-term assets, Note II.34 (3) – Critical accounting estimates and judgements on impairment of long-term assets and Note IV.19 – Goodwill to the financial statements.</p> <p>As at 31 December 2016, the net value of goodwill of the Group on the consolidated balance sheet was amounted to RMB2,127,893,000, among which RMB229,397,000 was allocated to offshore engineering asset group while RMB38,815,000 was allocated to heavy truck asset group. In 2016, the Group made a provision of nil and RMB74,463,000 towards the goodwill allocated to the offshore engineering asset group and heavy truck asset group, respectively, in the consolidated income statement.</p> <p>In 2016, due to the downturn in the offshore engineering and heavy truck industries, the operation performance of the asset groups in these industries were below expectation and there was a risk of impairment. The management made the corresponding impairment provision based on the difference between recoverable amount and carrying amount of relevant asset groups or combination of asset groups those include the allocated goodwill. The key assumptions applied include future revenue growth rates, gross margins, expense rates and discount rates.</p> <p>We focused on this area due to the fact that significant judgements were involved in assessing the goodwill impairment.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We understood, evaluated and validated the effectiveness of the internal controls regarding goodwill impairment test, including the adoption of key assumptions and the review and approval of impairment provision.</li> <li>– We obtained management's worksheets of impairment of goodwill allocated to the offshore engineering asset group and the heavy truck asset group.</li> <li>– We assessed whether the goodwill is allocated to the relevant asset groups or combination of asset groups in a reasonable way.</li> <li>– We tested the mathematical accuracy of the calculations.</li> <li>– We compared management's forecast in 2015 Goodwill Impairment worksheets against the actual performance in 2016 to (a) check whether there is management bias in the goodwill impairment assessment process; and (b) determine whether the key operating assumptions adopted by the management should be adjusted based on the latest situation to ensure they reflect the latest market conditions and management expectations.</li> <li>– We analysed the rationality of management's assumptions of future revenue growth rates, gross margins and expense rates by considering the historical operations of the relevant asset groups, the industry trends, emerging market opportunities and cost savings due to economies of scale.</li> <li>– We evaluated the discount rates by utilizing the expertise of specialist.</li> <li>– We performed sensitivity test on gross margins and discount rates.</li> </ul> <p>Based on our work performed, we found that management's key assumptions on goodwill impairment test was supported by the evidence we gathered.</p>

## Chapter XII

### Auditor's Report

PwC ZT Shen Zi (2017) No.10078  
(Page 6 of 10)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>4. Impairment of fixed assets</b></p> <p>Refer to Note II.20 – Accounting policy of impairment of long-term assets, Note II.34 (3) – Critical accounting estimates and judgements on impairment of long-term assets and Note IV.15 – Fixed assets to the financial statements.</p> <p>As at 31 December 2016, the net value of fixed assets of the Group in the consolidated financial statements was RMB22,307,261,000. In 2016, the Group made a provision of RMB8,310,000 in the consolidated income statement.</p> <p>At the balance sheet date, the Group assessed whether there was any indication that the fixed assets were impaired and further impairment test would be performed for those with impairment indicators. If the result of the impairment test indicates the recoverable amount of a fixed asset or asset group is less than its carrying amount, a provision for impairment would be provided at the excess amount of the fixed asset or asset group's carrying amount over its recoverable amount. The recoverable amount is the higher of an asset or asset group's fair value less cost to sell and the present value of the future cash flows expected to be derived from the asset or asset group.</p> <p>In 2016, the impairment indicators existed for those fixed assets from the subsidiaries of the Group that suffered from losses, few profits or even production halts. The management assessed the impairment based on asset usage plans by using the fair value less cost to sell method and the present value of the future cash flows method, respectively. The key assumptions in the fair value less cost to sell method include the determination of asset group, the prediction of disposed value and expense of disposal; the key assumptions in the present value of the future cash flows method include future revenue growth rates, gross margins, expense rates and discount rates.</p> <p>We focused on this area due to the fact that that significant judgements were involved in assessing the impairment of fixed assets.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We understood, evaluated and validated the effectiveness of internal controls regarding fixed assets impairment test, including the adoption of key assumptions and the review and approval of impairment provision.</li> <li>– We performed independent assessment, on a sample basis, to determine whether the group of assets is the smallest group of assets that is able to generate independent cash inflows.</li> <li>– We obtain the fixed assets impairment test worksheets for those with impairment indicators. For those adopted the present value of the future cash flows method, we tested the mathematical accuracy of the calculations, and, on a sample basis, further performed the following procedures:             <ol style="list-style-type: none"> <li>(1) compared management's forecast in 2015 fixed assets impairment test worksheet against the actual performance in 2016 to (a) check whether there is management bias in the fixed assets impairment assessment process; and (b) determine whether the key operating assumptions adopted by the management should be adjusted based on the latest situation to ensure they reflect the latest market conditions and management expectations.</li> <li>(2) analysed the rationality of management's assumptions of future revenue growth rates, gross margins and expense rates by considering the historical operations of the relevant asset groups, the industry trends, emerging market opportunities and cost savings due to economies of scale.</li> <li>(3) evaluated the discount rates by utilizing the expertise of specialist.</li> <li>(4) performed sensitivity test on gross margins and discount rates.</li> </ol> </li> <li>– For the fair value less cost to sell method, we assessed the rationality by comparing the estimated disposal value of the fixed assets and realisation rate against the market price of similar assets.</li> </ul> <p>Management's key assumptions adopted in the fixed assets impairment test are in the acceptable range.</p>

Chapter XII  
Auditor's ReportPwC ZT Shen Zi (2017) No.10078  
(Page 7 of 10)

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>5. Impairment of vessels under construction</b></p> <p>Refer to Note II.20 – Accounting policy of impairment of long-term assets, Note II.34(3) – Critical accounting estimates and judgements on impairment of long-term assets and Note IV.16 – Construction in progress to the financial statements.</p> <p>As at 31 December 2016, the net value of vessels under construction of the Group on the consolidated balance sheet was amounted to RMB19,405,489,000. The Group did not make any provision for vessels under construction in 2016.</p> <p>At the balance sheet date, the Group assessed whether there was any indication that the construction in progress was impaired and further impairment test would be performed for those with impairment indicators. If the result of the impairment test indicates the recoverable amount of a construction in progress or asset group is less than its carrying amount, a provision for impairment would be provided at the excess amount of a construction in progress or asset group's carrying amount over its recoverable amount. The recoverable amount is the higher of an asset or asset group's fair value less cost to sell and the present value of the future cash flows expected to be derived from the asset or asset group.</p> <p>As at 31 December 2016, due to the depression of oil development industry which the vessels serve for, five vessels under construction had no lease agreements and only one got a short term tenancy. The management has used the present value of future cash flow method for impairment test. The key assumptions used by the management for impairment test include future rentals, utilisation rates, future cost and discount rates.</p> <p>We focused on this area due to that significant judgements were involved in assessing the impairment of the vessels under construction.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"> <li>– We understood, evaluated and validated the effectiveness of internal controls regarding the vessels under construction impairment test, including the adoption of key assumptions and the review and approval of impairment provision.</li> <li>– We obtained the impairment test worksheets for the six vessels under construction provided by the management and performed the following procedures: <ul style="list-style-type: none"> <li>(1) tested the mathematical accuracy of the calculations.</li> <li>(2) compared management's forecast in 2015 vessels under construction impairment test worksheet against the actual performance in 2016 to (a) check whether there is management bias in the vessels under construction impairment assessment process; and (b) determine whether the key operating assumptions adopted by the management should be adjusted based on the latest situation to ensure they reflect the latest market conditions and management expectations.</li> <li>(3) assessed the rationality by comparing management's assumptions on the rentals, utilisation rates and maintenance cost against market demand, the peak and lowest levels of historical rent levels in the current open market.</li> <li>(4) checked the construction contracts to assess the rationality of future capital cost.</li> <li>(5) evaluated the discount rates by utilizing the expertise of specialist.</li> <li>(6) performed sensitivity test on rentals, utilisation rates and discount rates.</li> </ul> </li> </ul> <p>Based on our work performed, we found that management's key assumptions on vessels under construction impairment test was supported by the evidence we gathered.</p>

## Chapter XII

### Auditor's Report

PwC ZT Shen Zi (2017) No.10078  
(Page 8 of 10)

#### IV. Other Information

Management is responsible for the other information. The other information comprises all of the information included in 2016 annual report of CIMC other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### V. Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the CASs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing these financial statements, management is responsible for assessing CIMC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate CIMC or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing CIMC's financial reporting process.

## Chapter XII Auditor's Report

PwC ZT Shen Zi (2017) No.10078  
(Page 9 of 10)

### VI. Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on CIMC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause CIMC to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the CIMC to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of CIMC audit. We remain solely responsible for our audit opinion.

## Chapter XII

### Auditor's Report

PwC ZT Shen Zi (2017) No.10078  
(Page 10 of 10)

#### VI. Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers Zhong Tian LLP

Certified Public Accountant

Cao Cui Li  
(Engagement Partner)

Shanghai, the People's Republic of China  
27 March 2017

Certified Public Accountant

Cai Zhi Feng



## Chapter XIII

# Financial Statements Prepared in Accordance with CASBE

As at 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## CONSOLIDATED BALANCE SHEET

	Note	31 December 2016	31 December 2015 (Restated)	1 January 2015 (Restated)
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash at bank and on hand	IV.1	6,325,998	4,487,166	3,667,387
Financial assets at fair value through profit or loss	IV.2	141,160	133,294	427,669
Notes receivable	IV.3	1,536,191	1,369,632	1,591,694
Accounts receivable	IV.4	11,526,075	10,667,049	11,480,465
Advance to suppliers	IV.6	2,165,982	3,290,194	5,223,351
Interest receivable		9,250	10,842	3,968
Dividends receivable		41,959	12,345	10,427
Other receivables	IV.5	9,347,887	3,253,650	2,574,975
Inventories	IV.7	17,409,515	16,416,646	16,773,431
Assets classified as held for sale	IV.8	203,847	-	-
Current portion of non-current assets	IV.9	3,941,689	3,228,668	2,388,975
Other current assets	IV.10	702,478	660,839	1,029,835
<b>Total current assets</b>		<b>53,352,031</b>	<b>43,530,325</b>	<b>45,172,177</b>
<b>Non-current assets:</b>				
Financial assets at fair value through profit or loss	IV.2	325,187	19,755	-
Available-for-sale financial assets	IV.11	442,726	420,858	396,025
Long-term receivables	IV.12	13,220,242	12,734,564	3,449,542
Long-term equity investments	IV.13	2,162,217	2,036,367	1,165,674
Investment properties	IV.14	1,752,608	730,168	553,398
Fixed assets	IV.15	22,037,261	21,848,053	19,051,137
Construction in progress	IV.16	22,769,189	17,040,388	10,460,940
Disposal of fixed assets	IV.17	130,050	99,506	-
Intangible assets	IV.18	4,654,757	4,983,558	4,355,832
Development costs	IV.18	49,990	22,966	41,705
Goodwill	IV.19	2,127,893	1,762,141	1,663,747
Long-term prepaid expenses	IV.20	246,574	165,711	194,163
Deferred tax assets	IV.21	1,257,670	1,197,002	1,120,284
Other non-current assets	IV.22	86,353	465,703	341,940
<b>Total non-current assets</b>		<b>71,262,717</b>	<b>63,526,740</b>	<b>42,794,387</b>
<b>TOTAL ASSETS</b>		<b>124,614,748</b>	<b>107,057,065</b>	<b>87,966,564</b>

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

As at 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

	Note	31 December 2016	31 December 2015 (Restated)	1 January 2015 (Restated)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current liabilities:</b>				
Short-term borrowings	IV.25	15,729,787	17,909,024	11,239,527
Financial liabilities at fair value through profit or loss	IV.26	141,806	250,769	103,657
Notes payable	IV.27	1,551,582	1,749,077	1,684,016
Accounts payable	IV.28	10,160,951	8,893,005	11,364,903
Advances from customers	IV.29	3,780,694	2,763,511	3,054,783
Employee benefits payable	IV.30	2,115,108	2,234,271	2,306,294
Taxes payable	IV.31	1,092,030	924,171	799,775
Interest payable	IV.32	303,375	216,374	185,780
Dividends payable	IV.33	16,746	56,034	47,973
Other payables	IV.34	5,154,073	5,285,014	5,286,952
Provisions	IV.35	847,429	875,498	761,052
Current portion of non-current liabilities	IV.36	3,667,872	4,765,523	4,052,854
Other current liabilities	IV.37	1,687,762	–	2,452,511
<b>Total current liabilities</b>		<b>46,249,215</b>	<b>45,922,271</b>	<b>43,340,077</b>
<b>Non-current liabilities:</b>				
Financial liabilities at fair value through profit or loss	IV.26	61,235	55,471	73,884
Long-term borrowings	IV.38	27,023,222	23,684,838	11,110,296
Debentures payables	IV.39	7,986,500	–	4,455,080
Long-term payables	IV.40	529,372	550,136	672,562
Payables for specific projects	IV.41	9,704	5,834	4,945
Deferred income	IV.42	839,738	511,662	467,623
Deferred tax liabilities	IV.21	657,414	534,303	418,395
Other non-current liabilities	IV.43	2,123,556	71,635	–
<b>Total non-current liabilities</b>		<b>39,230,741</b>	<b>25,413,879</b>	<b>17,202,785</b>
<b>Total liabilities</b>		<b>85,479,956</b>	<b>71,336,150</b>	<b>60,542,862</b>
<b>Shareholders' equity</b>				
Share capital	IV.44	2,978,577	2,977,820	2,672,629
Other equity instruments	IV.45	2,049,035	2,033,043	–
Capital surplus	IV.46	3,126,585	3,181,863	686,506
Other comprehensive income	IV.47	357,341	(514,477)	(847,187)
Surplus reserve	IV.48	3,279,379	3,203,578	3,126,406
Undistributed profits	IV.49	17,495,053	17,805,808	16,742,015
<b>Total equity attributable to shareholders and other equity holders of the Company</b>		<b>29,285,970</b>	<b>28,687,635</b>	<b>22,380,369</b>
<b>Minority interests</b>		<b>9,848,822</b>	<b>7,033,280</b>	<b>5,043,333</b>
<b>Total shareholders' equity</b>		<b>39,134,792</b>	<b>35,720,915</b>	<b>27,423,702</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>124,614,748</b>	<b>107,057,065</b>	<b>87,966,564</b>

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: Jin Jianlong

The head of the accounting  
department: Jin Jianlong

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

As at 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## BALANCE SHEET

	Note	31 December 2016	31 December 2015
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash at bank and on hand	XVI.1	2,660,222	1,597,446
Dividends receivable	XVI.2	4,755,818	4,604,445
Other receivables	XVI.3	13,131,416	12,363,102
Other current assets		9,272	16,264
<b>Total current assets</b>		<b>20,556,728</b>	<b>18,581,257</b>
<b>Non-current assets:</b>			
Available-for-sale financial assets	XVI.4	388,905	388,905
Long-term equity investments	XVI.5	9,375,276	8,509,530
Fixed assets		102,372	106,808
Construction in progress		844	4,031
Intangible assets		14,466	14,724
Long-term prepaid expenses		40,730	14,782
Deferred tax assets	XVI.14	52,280	216,448
<b>Total non-current assets</b>		<b>9,974,873</b>	<b>9,255,228</b>
<b>TOTAL ASSETS</b>		<b>30,531,601</b>	<b>27,836,485</b>

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

As at 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

	Note	31 December 2016	31 December 2015
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Current liabilities:</b>			
Short-term borrowings	XVI.6	2,710,000	–
Financial liabilities at fair value through profit or loss	XVI.7	65	–
Accounts payable		–	15,837
Employee benefits payable		205,760	851,536
Taxes payable	XVI.8	3,646	12,820
Interest payable	XVI.9	75,755	129,200
Other payables	XVI.10	2,990,804	7,583,245
Provisions		79,104	–
Current portion of non-current liabilities	XVI.11	800,000	4,059,881
<b>Total current liabilities</b>		<b>6,865,134</b>	<b>12,652,519</b>
<b>Non-current liabilities:</b>			
Financial liabilities at fair value through profit or loss	XVI.7	3,296	14,256
Long-term borrowings	XVI.12	1,621,000	2,215,000
Debentures payable	XVI.13	7,986,500	–
Deferred income		37,429	13,800
<b>Total non-current liabilities</b>		<b>9,648,225</b>	<b>2,243,056</b>
<b>Total liabilities</b>		<b>16,513,359</b>	<b>14,895,575</b>
<b>Shareholders' equity</b>			
Share capital	IV.44	2,978,577	2,977,820
Other equity instruments	IV.45	2,049,035	2,033,043
Capital surplus	XVI.15	3,287,149	3,279,575
Other comprehensive income	XVI.16	43,754	43,754
Surplus reserve	IV.48	3,279,379	3,203,578
Undistributed profits	XVI.17	2,380,348	1,403,140
<b>Total equity attributable to shareholders and other equity holders</b>		<b>14,018,242</b>	<b>12,940,910</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>30,531,601</b>	<b>27,836,485</b>

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: Jin Jianlong

The head of the accounting  
department: Jin Jianlong

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# Consolidated Income Statement

	Note	2016	2015 (Restated)
<b>I. Revenue</b>	IV.50	51,111,652	58,685,804
Less: Cost of sales	IV.50	41,482,017	48,051,010
Taxes and surcharges	IV.51	503,099	433,030
Selling and distribution expenses	IV.52	2,156,980	2,574,726
General and administrative expenses	IV.53	4,208,598	4,146,983
Financial expenses-net	IV.54	719,109	627,801
Asset impairment losses	IV.58	2,089,634	551,170
Add: Profit/(loss) from changes in fair value	IV.56	613,913	(37,336)
Investment Income	IV.57	234,410	776,106
Including: Share of profit of associates and joint ventures		87,266	241,649
<b>II. Operating profit</b>		800,538	3,039,854
Add: Non-operating income	IV.59	1,212,806	436,200
Including: Gains on disposal of non-current assets		451,565	33,876
Less: Non-operating expenses	IV.60	311,293	173,584
Including: Losses on disposal of non-current assets		187,013	51,464
<b>III. Total profit</b>		1,702,051	3,302,470
Less: Income tax expenses	IV.61	967,068	951,825
<b>IV. Net profit</b>		734,983	2,350,645
Attributable to shareholders and other equity holders of the Company		539,660	2,026,613
Minority interests		195,323	324,032
<b>V. Other comprehensive income, net of tax</b>	IV.47	967,346	325,186
Attributable to shareholders and other equity holders of the Company		871,818	332,710
Items that may be reclassified subsequently to profit or loss		871,818	332,710
Change in value of available-for-sale financial assets-after tax		(104)	(5,172)
Gain of cash flow hedges-after tax		4,154	1,138
The amount of fair value at the date of transfer exceeded the carrying value of investment properties transferred from fixed assets and intangible assets		477,398	3,653
Currency translation differences		390,370	333,091
Minority interests		95,528	(7,524)
<b>VI. Total comprehensive income</b>		1,702,329	2,675,831
Attributable to shareholders and other equity holders of the Company		1,411,478	2,359,323
Minority interests		290,851	316,508
<b>VII. Earnings per share</b>			
Basic earnings per share (RMB)	IV.62	0.14	0.74
Diluted earnings per share (RMB)	IV.62	0.14	0.73

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: Jin Jianlong

The head of the accounting  
department: Jin Jianlong

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# Income Statement

	Note	2016	2015
<b>I. Revenue</b>	XVI.18	156,526	298,919
Less: Cost of sales	XVI.18	24,006	40,576
Taxes and surcharges		3,373	33,661
General and administrative expenses		(285,476)	235,671
Financial expenses-net		(353,608)	(19,667)
Add: Profit from changes in fair value	XVI.19	10,895	7,051
Investment income	XVI.20	1,259,065	700,870
<b>II. Operating profit</b>		2,038,191	716,599
Add: Non-operating income	XVI.21	33,173	40,432
Including: Gains on disposal of non-current assets		116	-
Less: Non-operating expenses	XVI.22	79,573	1,362
Including: Losses on disposal of non-current assets		66	62
<b>III. Total profit</b>		1,991,791	755,669
Less: Income tax expenses/(Income)	XVI.23	164,168	(16,046)
<b>IV. Net profit</b>		1,827,623	771,715
<b>V. Other comprehensive income, net of tax</b>	XVI.16	-	-
<b>VI. Total comprehensive income</b>		1,827,623	771,715

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: Jin Jianlong

The head of the accounting  
department: Jin Jianlong

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## Consolidated Cash Flow Statement

	Note	2016	2015
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		49,660,627	54,618,350
Refund of taxes and surcharges		1,996,152	2,211,257
Cash received relating to other operating activities	IV.63(1)	475,604	491,195
<b>Sub-total of cash inflows</b>		<b>52,132,383</b>	<b>57,320,802</b>
Cash paid for goods and services		37,875,868	48,172,223
Cash paid to and on behalf of employees		6,052,008	6,275,514
Payments of taxes and surcharges		1,292,403	1,611,817
Cash paid relating to other operating activities	IV.63(2)	4,570,485	4,871,471
<b>Sub-total of cash outflows</b>		<b>49,790,764</b>	<b>60,931,025</b>
<b>Net cash inflows from operating activities</b>	IV.64(1)	<b>2,341,619</b>	<b>(3,610,223)</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		227,461	480,195
Cash received from returns on investments		224,760	14,086
Net cash received from disposal of fixed as sets, intangible assets and other long-term assets		904,597	775,681
Net cash received from disposal of subsidiaries	IV.64(3)	206,421	–
Cash received related to other investing activities	IV.63(3)	446,920	42,884
<b>Sub-total of cash inflows</b>		<b>2,010,159</b>	<b>1,312,846</b>
Cash paid to acquire fixed assets intangible assets and other long-term assets		7,239,592	12,346,982
Cash paid to acquire investments		886,860	1,379,263
Net cash paid to acquire subsidiaries		738,362	171,382
<b>Sub-total of cash outflows</b>		<b>8,864,814</b>	<b>13,897,627</b>
<b>Net cash outflows from investing activities</b>		<b>(6,854,655)</b>	<b>(12,584,781)</b>

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

	Note	2016	2015
<b>III. Cash flows from financing activities</b>			
Cash received from capital contributions		1,768,906	3,732,151
Including: Cash received from capital contributions by minority shareholders of subsidiaries		1,760,575	284,172
Cash received from issuing perpetual bonds		–	1,981,143
Cash received from borrowings		54,548,656	58,969,912
Cash received from issuing bonds		7,986,500	–
Cash received relating to other financing activities	IV.63(4)	3,755	260,993
<b>Sub-total of cash inflows</b>		<b>64,307,817</b>	<b>64,944,199</b>
Cash repayments of borrowings		52,820,203	45,955,221
Cash payments for distribution of dividends or profits and interest expenses		3,228,079	2,405,885
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		161,253	107,638
Cash payments relating to other financing activities	IV.63(5)	748,489	77,430
<b>Sub-total of cash outflows</b>		<b>56,796,771</b>	<b>48,438,536</b>
<b>Net cash inflows from financing activities</b>		<b>7,511,046</b>	<b>16,505,663</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>81,534</b>	<b>13,213</b>
<b>V. Net Increase in cash and cash equivalents</b>	IV.64(1)	<b>3,079,544</b>	<b>323,872</b>
Add: Cash and cash equivalents at the beginning of the year		3,259,123	2,935,251
<b>VI. Cash and cash equivalents at the end of the year</b>	IV.64(4)	<b>6,338,667</b>	<b>3,259,123</b>

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: Jin Jianlong

The head of the accounting  
department: Jin Jianlong



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# Cash Flow Statement

	Note	2016	2015
<b>I. Cash flows from operating activities</b>			
Cash received from sales of goods or rendering of services		156,526	298,919
Cash received relating to other operating activities		257,702	1,165,577
<b>Sub-total of cash inflows</b>		<b>414,228</b>	<b>1,464,496</b>
Cash paid for goods and services		39,842	24,739
Cash paid to and on behalf of employees		219,452	114,728
Payments of taxes and surcharges		16,698	31,121
Cash paid relating to other operating activities		4,933,042	4,926,813
<b>Sub-total of cash outflows</b>		<b>5,209,034</b>	<b>5,097,401</b>
<b>Net cash outflows from operating activities</b>	XVI.24	<b>(4,794,806)</b>	<b>(3,632,905)</b>
<b>II. Cash flows from investing activities</b>			
Cash received from disposal of investments		–	155,490
Cash received from returns on investments		245,460	568,911
Net cash received from disposal of fixed assets		3,037	1,307
Net Cash received from disposal of subsidiaries		8,944	299,624
<b>Sub-total of cash inflows</b>		<b>257,441</b>	<b>1,025,332</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets		41,191	7,671
Net cash paid to acquire subsidiaries and other business units		77,991	620,000
<b>Sub-total of cash outflows</b>		<b>119,182</b>	<b>627,671</b>
<b>Net cash inflows from investing activities</b>		<b>138,259</b>	<b>397,661</b>
<b>III. Cash flows from financing activities</b>			
Cash received from borrowings		8,176,000	1,415,000
Cash received from issuing bonds		7,986,500	–
Cash received from issuing perpetual bonds		–	1,981,143
Cash received from capital contributions		8,331	3,447,979
<b>Sub-total of cash inflows</b>		<b>16,170,831</b>	<b>6,844,122</b>
Cash repayments of borrowings		9,319,881	2,576,000
Cash payments for distribution of dividends or profits and interest expenses		1,126,037	1,197,902
Cash payments relating to other financing activities		6,189	13,837
<b>Sub-total of cash outflows</b>		<b>10,452,107</b>	<b>3,787,739</b>
<b>Net cash inflows from financing activities</b>		<b>5,718,724</b>	<b>3,056,383</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		<b>428</b>	<b>514</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	XVI.24	<b>1,062,605</b>	<b>(178,347)</b>
Add: Cash and cash equivalents at the beginning of the year		652,865	831,212
<b>VI. Cash and cash equivalents at the end of the year</b>	XVI.24	<b>1,715,470</b>	<b>652,865</b>

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: Jin Jianlong

The head of the accounting  
department: Jin Jianlong

## Chapter XIII Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# Consolidated Statement of Changes in Shareholders' Equity

Item	Note	2016										2015								
		Attributable to shareholders and other equity holders of the Company					Attributable to shareholders of the Company					Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interest	Total shareholders' equity	
		Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Other comprehensive income	Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Other comprehensive income									
I. Balance at 31 December 2015		2,977,820	2,033,043	3,181,863	(5,144,771)	3,203,578	17,805,808	7,033,280	35,720,915	734,983	7,033,280	35,720,915	2,672,629	51,900	686,506	(847,187)	3,126,406	16,651,960	4,991,801	27,282,115
II. Add: changes in accounting policies	11.33	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	90,655	51,530	141,587
III. Balance at 1 January 2016		2,977,820	2,033,043	3,181,863	(5,144,771)	3,203,578	17,805,808	7,033,280	35,720,915	734,983	7,033,280	35,720,915	2,672,629	51,900	686,506	(847,187)	3,126,406	5,043,333	27,423,702	
III. Movements for the year																				
(I) Total comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Net profit	11.47	-	119,792	-	871,818	-	419,868	195,323	734,983	95,528	95,528	734,983	-	51,900	-	-	1,974,713	324,032	2,350,645	
2. Other comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(7,524)	325,186	
Sub-total of 1&2		-	119,792	-	871,818	-	419,868	290,851	1,702,329	95,528	290,851	1,702,329	-	51,900	-	-	1,974,713	316,508	2,676,831	
(II) Capital contribution and withdrawal by owners																				
1. Contributions by owner	11.44	-	-	-	-	-	-	-	-	-	-	-	286,096	-	2,941,543	-	-	-	-	3,227,639
2. Increase in capital surplus resulted from share option exercised by company	11.44	757	-	7,574	-	-	-	-	8,331	-	8,331	-	19,095	-	201,245	-	-	-	220,340	
3. Contributions by minority Shareholders	11.46	-	-	227,441	-	-	-	3,330,875	3,558,316	-	3,330,875	-	-	-	106,284	-	-	1,478,518	1,584,802	
4. Increase in minority interests resulted from acquisition or establishment of subsidiary	11.46	-	-	-	-	-	-	-	29,565	-	29,565	-	-	-	-	-	-	168,598	168,598	
5. Decrease in capital surplus resulted from acquisition of minority interest	11.46	-	-	(22,239)	-	-	-	(726,250)	(748,489)	-	(726,250)	-	-	-	(4)	-	-	(77,428)	(77,430)	
6. Disposal of subsidiaries without control	11.46	-	-	903	-	-	-	8,097	9,000	-	8,097	9,000	-	-	441,939	-	-	190,022	631,961	
8. Increase in capital surplus resulted from share option exercised by subsidiary	11.46	-	-	1,692	-	-	-	-	3,755	-	3,755	-	-	-	(1,876)	-	-	13,274	11,398	
9. Increase in shareholders' equity resulted from share-based payments	11.2	-	-	22,316	-	-	-	-	32,384	-	32,384	-	-	-	46,218	-	-	16,152	62,370	
10. Issuing of other equity instruments	11.45	-	-	-	-	-	-	-	10,068	-	10,068	-	-	1,981,143	-	-	-	-	1,981,143	
11. Redemption right granted to minority Shareholders	11.46	-	-	(300,000)	-	-	-	-	(300,000)	-	(300,000)	-	-	-	(1,249,826)	-	-	-	(1,249,826)	
12. Others	11.46	-	-	7,035	-	-	-	-	7,035	-	7,035	-	-	-	9,834	-	-	-	9,834	
(III) Profit distribution																				
1. Appropriation to surplus reserves	11.48	-	-	-	-	75,801	-	-	(75,801)	-	-	-	-	-	-	-	77,172	(77,172)	-	
2. Profit distribution to Shareholders	11.49	-	-	-	-	-	(654,822)	(121,965)	(776,787)	-	(776,787)	-	-	-	-	-	(833,748)	(115,699)	(949,447)	
3. Interest paid on other equity instruments	11.45	-	(103,800)	-	-	-	-	-	(103,800)	-	(103,800)	-	-	-	-	-	-	-	-	
IV. Balance at 31 December 2016		2,978,577	2,049,035	3,126,585	357,341	3,279,379	17,495,053	9,848,822	39,134,792	9,848,822	39,134,792	39,134,792	2,977,820	2,033,043	3,181,863	(514,477)	3,203,578	17,805,808	7,033,280	35,720,915

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:

Jin Jianlong

The head of the accounting department:

Jin Jianlong

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## Statement of Changes in Shareholders' Equity

Item	Note	2016						2015							
		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	Total shareholders' equity
I. Balance at 31 December 2015		2,977,820	2,033,043	3,279,575	43,754	3,203,578	1,403,140	12,940,910	2,672,629	-	129,788	43,754	3,126,406	1,594,245	7,566,822
II. Movements for the year		-	119,792	-	-	-	1,707,831	1,827,623	-	51,900	-	-	-	719,815	771,715
(i) Total comprehensive income		-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Net profit		-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Other comprehensive income	XIII.16	-	119,792	-	-	-	1,707,831	1,827,623	-	51,900	-	-	-	719,815	-
Sub-total of 1&2		-	119,792	-	-	-	1,707,831	1,827,623	-	51,900	-	-	-	719,815	771,715
(ii) Capital contribution and withdrawal by owners		-	-	-	-	-	-	-	-	-	-	-	-	-	-
1. Contributions by owner	IV.44	-	-	-	-	-	-	-	286,096	-	2,941,543	-	-	-	3,227,639
2. Increase in shareholders' equity resulted from share-based payment	IX.2	-	-	-	-	-	-	-	-	-	6,999	-	-	6,999	
3. Increase in capital surplus resulted from share option exercised by company	IV.44	757	-	7,574	-	-	-	8,331	19,095	-	201,245	-	-	220,340	
4. Issuing of other equity instruments	IV.45	-	-	-	-	-	-	-	-	1,981,143	-	-	-	1,981,143	
(iii) Profit distribution		-	-	-	-	-	-	-	-	-	-	-	-	-	
1. Appropriation to surplus reserves	IV.48	-	-	-	-	75,801	(75,801)	-	-	-	-	-	771,172	(77,172)	
2. Profit distribution to shareholders	IV.49	-	-	-	-	-	(654,822)	(654,822)	-	-	-	-	(833,748)	(833,748)	
3. Interest paid on other equity instruments	IV.45	-	(103,800)	-	-	-	-	(103,800)	-	-	-	-	-	-	
III. Balance at 31 December 2016		2,978,577	2,049,035	3,287,149	43,754	3,279,379	2,380,348	14,018,242	2,977,820	2,033,043	3,279,575	43,754	3,203,578	1,403,140	12,940,910

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:

Jin Jianlong

The head of the accounting department:

Jin Jianlong

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

# NOTES TO THE FINANCIAL STATEMENTS

## I. GENERAL INFORMATION

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

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

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

CIMC Enric Holdings Limited, 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.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**I. GENERAL INFORMATION (CONTINUED)**

Pteris Global Limited ("Pteris"), the subsidiary of the Group, is listed on the mainboard of the Catalist of Singapore Exchange Ltd. The principal activities of the Pteris Global Ltd are electrical products used in airports and ports, automatic parking system and equipment, automation logistics warehousing system and equipment, airport equipment(aviation food vehicles, self-propelled aircraft deicing vehicle, anti ice, container, pallet loaders, spreading vehicle, snowplows, friction coefficient test vehicle), installation and after sale service of self-produced products and agents product and provide parking management services. Pteris delisted from the Singapore Exchange Ltd. since 7 September 2016 ((Note VI, 1(6) (i)).

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 27 March 2017.

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

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

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

**1. Basis of preparation**

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, the Application Guidance for Accounting Standards for Business Enterprises, the Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued (hereafter collectively referred to as 'the Accounting Standards for Business Enterprises' or 'CAS') and the disclosure requirements in the Preparation Convention of Information Disclosure by Companies Offering Securities to the Public No.15 – General Rules on Financial Reporting (2010 revised) issued by the China Securities Regulatory Commission.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****1. Basis of preparation (Continued)**

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 year ended 31 December 2016 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as at 31 December 2016 and of their financial performance, cash flows and other information for the year 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).

**5. Business combinations****(1) Business combinations involving enterprises under common control**

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(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 (Continued)****(2) Business combinations involving enterprises not under common control**

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

**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.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(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)**

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

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

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

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

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

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

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



**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments**

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

**(1) Financial Assets****(a) Classification of financial assets**

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

**a. Financial assets at fair value through profit or loss**

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

**b. Receivables**

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

**c. Available-for-sale financial assets**

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

**(b) Recognition and measurement**

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

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

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(1) Financial Assets (Continued)****(b) Recognition and measurement (Continued)**

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

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

**(c) Impairment of financial assets**

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

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

Evidence of held-to-maturity equity instrument is impaired comprises a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost. The Group assesses all available-for-sale financial assets on an individual basis at each balance sheet date. Impairment loss should be recognised if the fair value of an equity instrument has is than 50% (50% inclusive) of its initial investment cost or in the case that the fair value has been less than the initial investment cost for more than one year(one year inclusive). The Group will consider other relevant factors, such as the price volatility, to determine whether an impairment loss should be recognised for the equity instrument if the decline in the fair value of an equity instrument is more than 20% (20% inclusive) but less than 50% of its initial investment cost. The initial investment cost of held-to-maturity equity instrument is calculated using the weighted average method.

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(1) Financial Assets (Continued)****(c) Impairment of financial assets (Continued)**

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

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

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

**(d) Derecognition of financial assets**

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

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

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

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****9. Financial instruments (Continued)****(2) Financial liabilities**

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

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

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

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

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

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

**(3) Determination of fair value**

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

**(4) Equity instrument**

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

### 9. Financial instruments (Continued)

#### (4) Equity instrument (Continued)

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

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

### 10. Receivables

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

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

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

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

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

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

Criteria of provision for receivable that are individually significant and impairment provided on an individual basis.

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

Method of provision for receivable that are individually significant and impairment provided on an individual basis.

An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.

Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

**10. Receivables (Continued)**

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

Criteria of provision for receivables that are individually insignificant but impairment provided on an individual basis.	Within the receivables whose amounts are individually insignificant, impairment is assessed on an individual basis for the overdue receivables unpaid after collection efforts or with unique characteristics.
---	--

Method of provision for receivable that are individually insignificant but impairment provided on an individual basis.	An impairment loss is calculated as the excess of its carrying amount over the present value of the estimated future cash flows (exclusive of future credit losses that have not been incurred) discounted at the original effective interest rate.
--	---

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

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

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

- |         |  |
|---------|--|
| Group 1 | Containers                                 |
| Group 2 | Road transportation vehicles               |
| Group 3 | Energy, chemical and liquid food equipment |
| Group 4 | Airport facilities                         |
| Group 5 | Logistics services                         |
| Group 6 | Other business                             |
| Group 7 | Financial leasing                          |

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

### 10. Receivables (Continued)

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

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

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

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

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

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



**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****11. Inventories****(1) Classification**

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

**(2) Cost of inventories**

Cost of inventories is calculated using the weighted average method.

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

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

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.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****11. Inventories (Continued)****(4) Inventory system**

The Group maintains a perpetual inventory system.

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

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

**12. Long-term equity investments**

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

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

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

**(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.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****12. Long-term equity investments (Continued)****(2) Subsequent measurement (Continued)**

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.

**(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.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****12. Long-term equity investments (Continued)****(4) Method of impairment testing and measuring**

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

**13. Investment properties**

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

The Group adopts fair value model to subsequently measure investment properties and don't provide depreciaion 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.

**14. Fixed assets****(1) Recognition**

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

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

### 14. Fixed assets (Continued)

#### (1) Recognition (Continued)

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.28). For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives. The estimated useful lives, residual values and depreciation rates of each class of fixed assets are as follows:

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%

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

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

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****14. Fixed assets (Continued)****(5) Disposal**

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

**15. Construction in progress**

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

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

**16. Borrowing costs**

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

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

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

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

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.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

### 16. Borrowing costs (Continued)

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.

### 17. Intangible assets

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

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

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

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****17. Intangible assets (Continued)**

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

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

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

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

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

**18. Goodwill**

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

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



**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****19. Long-term prepaid expenses**

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

The amortisation periods for expensed are as follows:

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

**20. Impairment of long-term assets**

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

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

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

**21. Provisions and contingent liabilities**

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****21. Provisions and contingent liabilities (Continued)**

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

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

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

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

**22. Share-based payments****(1) Classification**

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

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

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

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

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

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****22. 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.

**23. Revenue recognition**

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

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

### 23. Revenue recognition (Continued)

#### (1) Sale of goods

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

- (a) The significant risks and rewards of ownership of goods have been transferred to the buyer;
- (b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

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

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

The Group recognises revenue after receive acceptance certificates from customers.

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

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

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

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

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****23. Revenue recognition (Continued)****(2) Revenue from construction contracts**

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

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

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

- (a) If the contract costs can be recovered, revenue is recognised to the extent of contract costs incurred that can be recovered, and the contract costs are recognised as contract expenses when incurred;
- (b) If the contract costs cannot be recovered, the contract costs are recognised as contract expenses immediately when incurred, and no contract revenue is recognised.

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

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

- (c) Client accepts and confirms the increased amount generated by contract alteration;
- (d) Increased amount can be reliably measured.

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

**(3) Rendering of services**

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****23. Revenue recognition (Continued)****(3) Rendering of services (Continued)**

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

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

**24. Employee benefits**

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

**(1) short-term wages**

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

**(2) pension benefits**

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

***Basic pension insurance***

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

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****24. Employee benefits (Continued)****(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.

**25. Government grants**

Government grants are transfers of monetary assets or non-monetary assets from the government to the Group at nil consideration except for the capital contribution from the government as an investor in the Group, including refund of taxes and financial subsidies, etc.. Special funds such as investment grants allocated by the government, if clearly defined in official documents as part of "capital reserve" are dealt with as capital 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. Government grants measured at nominal amounts are recognised immediately in profit or loss for the current period.

For government grants related to income, where the grant is a compensation for related expenses 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 by the Group, the grant is recognised immediately in profit or loss for the current period.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****26. 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.

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



**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****27. Operating and finance leases**

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

**(1) Assets acquired under operating leases**

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

**(2) Assets leased out under operating leases**

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

**(3) Assets acquired under finance leases**

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

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

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****27. Operating and finance leases (Continued)****(4) Assets leased out under finance leases**

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

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

**28. Assets held for sale and discontinued operation**

A non-current asset or disposal group is classified as held for sale when meet the following criteria:

- The non-current asset or disposal group could be disposed immediately according to usual terms at present condition;
- The disposal plan has been approved properly;
- An non-cancellable transfer agreement has been signed with the transferee;
- This transfer is expected to be completed within one year;

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

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

A discontinued operation is a component which has been disposed or classified as held for sale of the group's business and the operations and financial reporting of the discontinued operation can be clearly distinguished from the rest of the group and can meet one of the following criteria:

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

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****29. Hedge accounting**

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

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

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

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

- at the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated;
- the actual results of offsetting are within a range of 80% to 125%.

**Cash flow hedges**

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

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

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****29. Hedge accounting (Continued)**

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

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

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

**30. Dividend distribution**

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

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

**31. Related parties**

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

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

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****31. 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; and
- (k) close family members of key management personnel of the Company's parent; and
- (l) other enterprises that are controlled or jointly controlled by principal individual investors, key management personnel of the Group, and close family members of such individuals.

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****32. Segment reporting**

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal 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.

**33. Significant changes in accounting policy**

The measurement method of investment properties changed from cost model to fair value model:

In accordance with the requirements under Accounting Standards for Business Enterprises No.3 – Investment Properties and the Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Estimates and Corrections of Errors, and to provide more reliable and relevant accounting information of the investment properties, the Group decided to make the change of the measurement of its investment properties from historical cost model to fair value model.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

### 33. Significant changes in accounting policy (Continued)

According to the Accounting Standards above, investment properties adopted the fair value model are not depreciated or amortised. 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. The measurement of investment properties changed from cost model to fair value model was an change of accounting policy and the difference between the fair value on the date of change the accounting policy and the original carrying amount is recognised in retained earnings. When the fair value model is adopted for the measurement of investment properties, a change to the cost model from the fair value model is not allowed.

As at 29 December 2016, the Resolution on the Change in Accounting Policy was considered and approved by the Board of Directors and the Supervisory Committee of the Group respectively. The changes in accounting policy on investment properties was come into effect as at 29 December 2016.

According to the Accounting Standards, the comparative financial statements of the Group should be adjusted retrospectively. Details of the impacts of the Change in Accounting Policy on the financial statements are as follows:

	1 January 2015 (Restated)	31 December 2015 (Restated)	31 December 2016
Increase of investment properties	187,843	291,354	480,790
Increase of deferred tax assets	2,540	2,540	2,200
Increase of deferred tax liabilities	48,796	66,821	112,598
Increase of taxes payable	–	1,034	3,383
Increase of other comprehensive income	–	3,653	56,589
Increase of minority interests	51,532	79,723	128,633
Increase of undistributed profits	90,055	142,663	181,787

	2015 (Restated)	2016
Decrease of cost of sales	30,233	11,392
Decrease of selling and distribution expenses	190	190
Increase of profit/(loss) from changes in fair value	65,695	75,792
Increase of income tax expense	17,434	22,951
Increase of minority interests	26,076	25,299

This changes in accounting policy has no impact to the Company.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****34. Critical accounting estimates and judgements**

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

Notes IV.19, IX and XIV contain information about the assumptions and their risk factors relating to impairment of goodwill, share-based payments and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

**(1) Impairment of receivables**

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

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

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

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

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



**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****34. Critical accounting estimates and judgements (Continued)****(3) Impairment of long-term assets (Continued)**

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

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

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

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

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

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

**(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.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)****34. Critical accounting estimates and judgements (Continued)****(6) Construction contract**

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

**(7) Income taxes**

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

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

**(8) Estimation of fair value of investment properties**

The Group recognised the fair value of the investment properties based on the valuation assessed 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 XIV, 6, several significant judgments and assumptions are used.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

- (a) Pursuant to "Circular on comprehensively pushing off the pilot projects for replacing the Business Tax with a Value-Added Tax" issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2016] No.36) some relevant incomes of the subsidiaries of the Group which operate in modern service industries (including logistics service and logistics support service), financial leasing, container yard service and tangible movable property leasing are applicable to Value-Added Tax (VAT). The VAT rates of modern service industries (including logistics service and logistics support service), container yard services and financial services is 6%; financial leasing and tangible movable property leasing, immovable property leasing and selling business are 17% and 11% respectively. Before 1 May 2016, the service industry, the financial industry and the real estate industry applied a 5% business tax rate, and the construction industry applied a 3% business tax rate.

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**III. TAXATION (CONTINUED)****2. Preferential tax treatments**

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

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## III. TAXATION (CONTINUED)

## 2. Preferential tax treatments (Continued)

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

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

## 1. Cash at bank and on hand

	31 December 2016	31 December 2015
Cash on hand	157,493	1,664
Bank deposits	5,711,162	3,575,892
Other cash balances	457,343	909,610
<b>Total</b>	<b>6,325,998</b>	<b>4,487,166</b>
Including: cash abroad	1,938,284	1,402,645

As at 31 December 2016, restricted cash at bank and on hand of the Group amounted to 987,257,000 (31 December 2015: 1,228,043,000), refer to Note IV.24 for details.

As at 31 December 2016, 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 504,795,000 (31 December 2015: 329,761,000). Finance Company is a finance institution authorised by the People's Bank of China.

## 2. Financial assets at fair value through profit or loss

## (1) Classification

	Note	31 December 2016	31 December 2015
<b>Current Portion</b>			
1. Investments in equity instrument held for trading			
– Listed companies	(3)	138,072	122,171
2. Derivative financial assets			
– Forward foreign exchange contracts	(4)	1,782	8,251
– Foreign exchange option contracts		–	2,872
3. Hedging Instrument		1,306	–
<b>Total</b>		<b>141,160</b>	<b>133,294</b>
<b>Non-current Portion</b>			
Derivative financial assets			
– Currency swap contracts		–	19,755
– Interest rate swaps	(5)	325,187	–
<b>Total</b>		<b>325,187</b>	<b>19,755</b>

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

- (2) As at 31 December 2016, there is no material restriction of the investment in financial assets at fair value through profit or loss.
- (3) The equity instruments held for trading are securities listed on the Stock Exchange of Hong Kong Limited, Shanghai Stock Exchange and Singapore Exchange Limited, the fair value of securities is determined at the closing price of the Stock Exchange of Hong Kong Limited, Shanghai Stock Exchange and Singapore Exchange Limited on the last trading day of the year.
- (4) Forward foreign exchange contracts

As at 31 December 2016, the Group had certain unsettled forward contracts, mainly denominated in US dollars, Japanese yen, Great Britain pound and Euro. The nominal value of these contracts amounted to US dollar(USD) 22,899,000, Japanese Yen (JPY) 752,585,000, Great Britain Pound (GBP) 1,900,000 and Euro(EUR) 1,100,000, respectively. Pursuant to these forward contracts, the Group are required to buy/sell foreign currencies, such as USD, Japanese yen, Great Britain pound, Euro of contracted nominal value at agreed rates in exchange of RMB at the contract settlement dates. These forwards contracts will be settled on a net basis by comparing the market rates at the settlement dates and the agreed rates. The settlement dates of the aforesaid forwards contracts range from 30 December 2016 to 16 November 2017.

- (5) Interest swap contracts

As at 31 December 2016, the Group had 20 unsettled interest swap contracts denominated in US dollars, with a nominal value amounted to USD1,484,000,000, and a fair value of 321,371,000. The settlement dates of the aforesaid interest swap contracts range from 1 January 2019 to 28 June 2021.

## 3. Notes receivable

- (1) Classification of Notes receivable

	31 December 2016	31 December 2015
Bank acceptance notes	1,374,487	1,167,672
Trade acceptance notes	161,704	201,960
<b>Total</b>	<b>1,536,191</b>	<b>1,369,632</b>

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

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 3. Notes receivable (Continued)

(2) As at 31 December 2016, pledged notes receivable of the group are as follows:

	31 December 2016
Bank acceptance notes	42,533

(3) As at 31 December 2016, there was an amount of 0.2 million transferred from notes to accounts receivable due to failure of performance by the issuers (31 December 2015: Nil).

(4) As at 31 December 2016, outstanding notes receivable endorsed by the Group are as follows:

	Derecognised	Not Derecognised
Bank acceptance notes	2,651,787	164,220

## 4. Accounts receivable

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

Category	31 December 2016	31 December 2015
Containers	2,540,433	2,866,510
Transportation vehicles	2,396,644	1,965,433
Energy, chemical and liquid food equipment	3,220,025	2,914,140
Offshore engineering	244,655	286,859
Airport facilities	1,255,195	1,140,820
Logistics services	1,159,172	1,011,101
Heavy truck	769,250	477,892
Others	569,937	465,788
Sub-total	12,155,311	11,128,543
Less: provision for doubtful debts	(629,236)	(461,494)
Total	11,526,075	10,667,049



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 4. Accounts receivable (Continued)

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

	31 December 2016	31 December 2015
Within 1 year (inclusive)	10,329,997	9,772,401
1 to 2 years (inclusive)	989,469	784,534
2 to 3 years (inclusive)	548,922	394,997
Over 3 years	286,923	176,611
Sub-total	12,155,311	11,128,543
Less: provision for doubtful debts	(629,236)	(461,494)
Total	11,526,075	10,667,049

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

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

	31 December 2016				31 December 2015			
	Book balance		Provision for doubtful debts		Book balance		Provision for doubtful debts	
	Amount	% of total balance	Amount	Ratio (%)	Amount	% of total balance	Amount	Ratio (%)
Accounts receivable provisions individually assessed for those with individual significant value (4)	2,987,769	24.58%	142,565	4.77%	2,383,120	21.41%	124,778	5.24%
Accounts receivable provisions individually assessed for those with individual small value (5)	599,213	4.93%	63,181	10.54%	549,692	4.94%	66,199	12.04%
Provision for doubtful debts collectively assessed*								
Group- containers	1,733,265	14.26%	14,762	0.85%	1,877,730	16.88%	5,282	0.28%
Group- transportation vehicles	1,315,102	10.82%	100,810	7.67%	1,329,829	11.95%	68,739	5.17%
Group- energy, chemical and liquid food equipment	2,911,678	23.95%	201,187	6.91%	2,123,635	19.08%	88,049	4.15%
Group- airport facilities	944,708	7.77%	54,025	5.72%	1,140,820	10.25%	44,929	3.94%
Group- logistics services	1,002,835	8.25%	34,573	3.45%	856,013	7.69%	35,177	4.11%
Group- heavy truck	303,664	2.50%	6,020	1.98%	181,928	1.64%	12,426	6.83%
Group- others	357,077	2.94%	12,113	3.39%	685,776	6.16%	15,915	2.32%
Group sub-total (6)	8,568,329	70.49%	423,490	4.94%	8,195,731	73.65%	270,517	3.30%
Total	12,155,311	100.00%	629,236	5.18%	11,128,543	100.00%	461,494	4.15%

Note\*: This category includes accounts receivable that is individually tested but not impaired.

As at 31 December 2016, the Group did not hold any collateral for accounts receivable that were made impairment aforesaid.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 4. Accounts receivable (Continued)

- (4) As at 31 December 2016, accounts receivable with amounts that are individually significant and that the related provision for doubtful debts is set aside on the individual basis:

Category	Book balance	Provision for doubtful debt	Ratio (%)	Reason
Containers	730,618	38,110	5.22%	Provision is set asided based on the estimated recoverable amount according to assessment of credit risk and historical data
Transportation vehicles	775,776	52,326	6.74%	
Energy and chemical & Food equipment	308,347	13,361	4.33%	
Heavy truck	465,586	28,640	6.15%	
Offshore engineering	221,314	–	0.00%	
Airport facilities	293,761	5,034	1.71%	
Logistics services	134,207	4,379	3.26%	
Others	58,160	715	1.23%	
Total	2,987,769	142,565	4.77%	

- (5) As at 31 December 2016, accounts receivable with amounts that are not individually significant but that the related provision for doubtful debts is set aside on the individual basis:

Category	Book balance	Provision for doubtful debt	Ratio (%)	Reason
Containers	76,550	5,360	7.00%	Provision is set asided based on the estimated recoverable amount according to assessment of credit risk and historical data
Transportation vehicles	305,766	48,550	15.88%	
Offshore engineering	23,341	2,634	11.28%	
Logistics services	22,130	1,191	5.38%	
Airport facilities	16,726	265	1.58%	
Others	154,700	5,181	3.35%	
Total	599,213	63,181	10.54%	

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 4. Accounts receivable (Continued)

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

	31 December 2016			31 December 2015		
	Book balance	Provision for doubtful debt		Book balance	Provision for doubtful debt	
	Amount	Amount	Ratio (%)	Amount	Amount	Ratio (%)
Within 1 year	7,386,617	77,585	1.05%	7,249,685	24,197	0.33%
1 to 2 years	604,679	59,829	9.89%	528,070	64,737	12.26%
2 to 3 years	368,380	151,792	41.21%	289,995	103,347	35.64%
Over 3 years	208,653	134,284	64.36%	127,981	78,236	61.13%
Total	8,568,329	423,490	4.94%	8,195,731	270,517	3.30%

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

(7) Reversal or recovery of provision for the year

The provision for doubtful debt this year amounted to 204,596,000 (2015: 116,476,000), A provision for doubtful debt amounted to 29,642,000 has been collected or reversed. (2015: 47,783,000)

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

The accounts receivable amounted to 10,774,000 was written off in current year. (2015: Nil).

(9) As at 31 December 2016, the five largest balances of accounts receivable are analysed as follows, accumulated by arrearage parties:

	Book balance	Provision for doubtful debt	% of total accounts receivable
Total of the five largest accounts receivable	1,132,622	–	9.32%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 4. Accounts receivable (Continued)

## (10) Accounts receivable from related parties:

As at 31 December 2016, the Group's accounts receivable due from related parties amounted to 254,396,000 (31 December 2015: 304,368,000), accounting for 2.09% of the total accounts receivable (31 December 2015: 2.74%).

Company name	Relationship with the Group	31 December 2016			31 December 2015		
		Amount	% of total balance	Provision for doubtful debts	Amount	% of total balance	Provision for doubtful debts
Ningxia Changming Natural Gas Development Co.,Ltd.("Ningxia Changming")	Associate	78,389	0.64%	-	75,559	0.68%	-
SUMITOMO CORPORATION ("SUMITOMO")	Minority shareholders of subsidiaries	56,538	0.46%	-	26,277	0.24%	-
Shanxi Heavy Duty Auto-mobile Co., Ltd.("SHDA")	Minority shareholders of subsidiaries	27,987	0.23%	-	36,916	0.33%	-
DongFan International Container (LianYunGang) Co.,Ltd ("DongFan International")	Subsidiary of significant shareholder	27,650	0.23%	-	-	0.00%	-
Sichuan Zhongyixinwei Energy Co.,Ltd ("Zhongyixinwei")	Associate	27,400	0.23%	-	-	0.00%	-
Gasfin Investment S.A. ("Gasfin")	Minority shareholders of subsidiaries	8,183	0.07%	-	-	0.00%	-
Florens Maritime Limited ("FML")	Subsidiary of significant shareholder	7,311	0.06%	-	864	0.01%	-
NYK Zhenhua logistics (Tianjin) Co. Ltd.("NKY Zhenhua")	Joint ventures	5,795	0.05%	-	-	0.00%	-
Florens Container Corporation S.A. ("FCC")	Subsidiary of significant shareholder	1,543	0.01%	-	112	0.00%	-
Other related parties		13,600	0.11%	-	164,640	1.48%	-
Total		254,396	2.09%	-	304,368	2.74%	-

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

As at 31 December 2016, the Group has no accounts receivable derecognised due to transfer of financial asset (31 December 2015: Nil).

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

There has been no securitised accounts receivable as at 31 December 2016 and 31 December 2015.

## (13) As at 31 December 2016, the Group has no restricted accounts receivable (31 December 2015: Nil).

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 5. Other receivables

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

	31 December 2016	31 December 2015
Receivables arising from financing related parities	873,585	489,499
Receivables from share capital increase/share capital transfer	4,020,057	197,384
Advanced payment of equity transfer and financial grants (i)	1,658,985	–
Loans (ii)	1,011,616	1,146,375
Assets purchased under reverse repurchase agreements (iii)	999,926	–
Security deposits	663,995	713,699
Receivables from demolition compensation (iv)	572,258	–
Tax refund receivables	167,099	103,430
Others	960,805	779,808
Sub-total	10,928,326	3,430,195
Less: provision for doubtful debts	(1,580,439)	(176,545)
Total	9,347,887	3,253,650

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

As at 1 June 2016, Enric announced that the Board considered certain conditions precedent in the Agreement could not be fulfilled and the Vendors had breached certain material terms of the Agreement. EIHL delivered termination notices to the Vendors for termination of the Agreement and requested for the return of the prepaid consideration of 178,634,000. On the same date, the Company delivered termination notices to SOE and Evergreen for termination of the Financial Assistance Agreement and requested SOE to repay the loans of 482,052,000 and release the guarantees for bank loans of 1,000,000,000 provided by a subsidiary of Enric to, or in favour of, SOE.

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5. Other receivables (Continued)****(1) Other receivables analysed by categories are as follows: (Continued)****(i) (Continued)**

Enric has assessed the impairment risk of the receivable from the Vendors, taking into account the negotiation between Enric and the Vendors and Enric's knowledge of the financial position of the Vendors, and considered that there was a significant doubt on the collectibility of the receivable from the Vendors. Therefore, a full provision of 178,634,000 was provided for the receivable from the Vendors during the year ended 31 December 2016. Enric has performed an assessment on the impairment risks of receivables from SOE, taking the status of SOE's liquidation and restructuring procedures into account and with reference to the key information currently available to Enric. The key information included the total claimed amounts by SOE's creditors, the claims with preferential and ordinary treatments provided by the liquidation administrator as well as Enric's estimation on the realisable value of SOE's assets considering the potential discount of the assets upon liquidation. Enric assessed that the recoverability ratio is estimated to be approximately 20%. Therefore, Enric has made a substantial provision of 1,184,281,000 during the year ended 31 December 2016.

As at 31 December 2016, if the total amount claimed by SOE creditors increased by 10% and the other variables remained unchanged, Enric would confirm further impairment losses of 24,024,000 on the amount due from SOE. If the potential realisable value of the assets decreased by 10%, and the other variables remained unchanged, Enric would confirm further impairment losses of 27,999,000 on the amount due from SOE.

**(ii)** The borrowings mainly contained interbank borrowings of the Finance Company with an amount of 624,330,000 which expired from January 3 to January 5, 2017; third party borrowings of 201,067,000; and repayment of car loan and petty cash fund for staff.

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

**(iv)** In order to meet the construction needs of Luo Dian large-Scale Residential Community project in Baoshan District, Shanghai, Shanghai CIMC Reefer Container Co.Ltd ("SCRC"), one of the non-wholly-owned subsidiary of the Group, decided to demolish the land, housing, facilities and auxiliary equipment which locates in 6888 Hutai Road, Baoshan District, Shanghai (Land area of 290.55 acres). As at 20 December 2016, a contract named "The 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 572,258,000. "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.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 5. Other receivables (Continued)

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

	31 December 2016	31 December 2015
Within 1 year (Inclusive)	9,667,565	2,455,765
1 to 2 years (Inclusive)	999,143	366,884
2 to 3 years (Inclusive)	95,819	72,390
Over 3 years	165,799	535,156
Sub-total	10,928,326	3,430,195
Less: provision for doubtful debts	(1,580,439)	(176,545)
Total	9,347,887	3,253,650

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

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

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

Note	31 December 2016				31 December 2015				
	Book balance		Provision for doubtful debt		Book balance		Provision for doubtful debt		
	Amount	% of total balance	Amount	Ratio (%)	Amount	% of total balance	Amount	Ratio (%)	
Other receivables with amounts that are individually significant	(4)	9,379,989	85.83%	1,503,143	16.02%	2,015,981	58.77%	123,609	6.13%
Other receivables with amounts that are not individually significant		1,548,337	14.17%	77,296	4.99%	1,414,214	41.23%	52,936	3.74%
Total		10,928,326	100.00%	1,580,439	14.46%	3,430,195	100.00%	176,545	5.15%

The Group did not hold any collateral for other receivables with provisions for bad debts.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**IV. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)****5. Other receivables (Continued)**

(4) As at 31 December 2016, other receivables with amounts that are individually significant:

	Book balance	Provision for doubtful debt	Ratio (%)	Reason
Receivables arising from financing related parities	858,595	–	0.00%	Note 1
Receivables from share capital increase/share capital transfer	3,967,924	–	0.00%	Note 1
Advanced payment of equity transfer and financial grants	1,658,985	1,362,915	82.15%	Note 1
Redemptory monetary capital for sale	999,926	–	0.00%	Note 1
Loan	880,076	82,758	9.40%	Note 1
Receivables from demolition compensation	572,258	–	0.00%	Note 1
Tax refund receivables	82,940	–	0.00%	Note 1
Others	359,285	57,470	16.00%	Note 1
<b>Total</b>	<b>9,379,989</b>	<b>1,503,143</b>		

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

(5) Reversal or recovery of provision for the year

The provision for doubtful debt this year amounted to 1,412,976,000. A provision for doubtful debt amounted to 9,274,000 has been recovered or reversed.

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

Other receivables written off in current year amounted to 8,866,000 (2015: Nil).



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 5. Other receivables (Continued)

- (7) As at 31 December 2016, the five largest balances of other receivables are analysed as follows, accumulated by arrearage parties:

	Note	Nature	Book balance	Aging	% of total balance	Provision for doubtful debt
Tianjin Lanshui Offshore Engineering Limited Partnership ("Tianjin Lanshui")	(i)	Receivables from capital increase	3,575,000	within 1 year	32.71%	–
SinoPacific Offshore & Engineering Co., Ltd ("SOE")		Advanced payment of equity transfer and financial grants	1,658,985	within 1 year/ 1 to 2 years	15.18%	1,362,915
Zhenjiang CIMC Embellish Yu Real Estate Co., Ltd ("Embellish Yu Real Estate")	(ii)	Receivables from Associates	824,391	over 3 years	7.54%	–
Baoshan District Land Reserve Center		Receivables from demolition compensation	572,258	within 1 year	5.24%	–
China Guangfa Bank		Bond pledge reverse repurchase	500,000	within 1 year	4.58%	–
<b>Total</b>			<b>7,130,634</b>		<b>65.25%</b>	<b>1,362,915</b>

The total amount of the Group's five largest other receivables as at 31 December 2015 amounted to 1,353,328,000, accounting for 39.46% of the total balance.

- (i) As at 23 December 2016, Qianhai CIMC leasing (Shenzhen) Co., Ltd. (referred to as "Qianhai Leasing"), one of the Group's subsidiaries, and TianJin YongWang machine equipment leasing Ltd (referred to as "TianJin YongWang"), one of the Group's subsidiaries, and TianJin BlueWater signed capital increase agreement and industrial and commercial registration was changed on 28 December, 2016. As at 31 December 2016, there was still 3.575 billion that has not received. According to the contract, after the date of capital increase, TianJin BlueWater should guarantee there will be an annual expected earning yields of no less than 4.9853% from 2017 to 2019 which will be paid from the year of 2018. After assessment, the dividend policy was confirmed as other non-current liability with total amount of 487,632,000 while the difference of total capital increase and other non-current liability mentioned above was recorded as equity.
- (ii) As at 14 October, 2016, 80% shares of Embellish Yu Real Estate, the wholly-owned subsidiary of the Group, was transferred to Nanjing Gaochun Country Garden Real Estate Development Co., Ltd (referred to as "Country Garden") by the Group and the industrial and commercial registration was changed then. The inter-group fund lending from the Group to Embellish Yu Real Estate was turned into related party fund lending from the Group to Country Garden. According to the Equity transfer agreement, in the next 9 months after the industrial and commercial registration day, Country Garden will assist Embellish Yu Real Estate paying this loan to the Group. As at 31 December 2016, there was no fund returned yet.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 5. Other receivables (Continued)

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

As at 31 December 2016 and 31 December 2015, no amount due from shareholders holding more than 5% (including 5%) of the voting rights of the Company is included in the above balance of other receivables.

- (9) As at 31 December 2016, other receivables from related parties are analysed as follows:

Company name	Relationship with the Group	31 December 2016				31 December 2015			
		Amount	Nature	% of total balance	Provision for doubtful debts	Amount	Nature	% of total balance	Provision for doubtful debts
Embellish Yu Real Estate	Associate	824,391	Funding	7.54%	–	–		0.00%	–
Marine Subsea & Consafe Limited ("MSC")	(i) Associate	–		0.00%	–	297,027	Funding	8.66%	–
Shenzhen China Merchants Real Estanted Holding Co., Ltd	Subsidiary of significant shareholder	70,650	Transfer of equity	0.65%	–	70,650	Transfer of equity	2.06%	–
Shanghai Fengyang	Associate	34,204	Funding	0.31%	–	34,204	Funding	1.00%	–
Other related parties		16,899		0.15%	–	201,577		5.88%	–
<b>Total</b>		<b>946,144</b>		<b>8.66%</b>	<b>–</b>	<b>603,458</b>		<b>17.59%</b>	<b>–</b>

- (i) CIMC Raffles, one of the Group's subsidiaries, completed its acquisition of Gadidae AB (formerly known as Consafe MSV AB) on 31 January 2011. Gadidae AB had been making loans to its associate, Marine Subsea & Consafe ("MSC"), which in total amounted to USD35,625,000. Pursuant to the agreement, Raffles recognised interest income and recorded expenses paid on behalf of MSC with total amount of USD10,116,000 from 2007 to 31 January 2011. During 2009, CIMC Raffles had paid USD12,500,000 to MSCH in exchange for a loan with interests amounting to USD35,575,000 in total provided to MSC, and recorded the consideration as other receivables of USD12,500,000. From these two creditor's rights mentioned above, CIMC Raffles and Gadidae AB recorded other receivable due from MSC at a total amount of USD58,241,000. In 2007, CIMC Raffles and Gadidae AB entered into a ship-building contract, which was terminated afterwards, for the construction and sale of a submersible drilling rig from Raffles to Gadidae AB. Subsequently Gadidae AB and MSC entered into a contract which Gadidae AB would sell this vessel to MSC. Gadidae AB charged USD67,300,000 progress billing from MSC in 2007. During 2008, Gadidae AB charged MSCH of USD11,350,000 as entrance premium and contingency payment. As these two obligations mentioned above, Gadidae recorded other payables due to MSCH at a total amount of USD78,650,000. According to the lawyer's advice and the agreement, the creditor's rights and the obligations mentioned above can be offset. After that, CIMC Raffles and Gadidae AB recorded other payable with net amount of USD20,409,000, (Equivalent to RMB136,061,000) which was unnecessary to refund so recorded as non-operating income.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 6. Prepaid expenses

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

	31 December 2016	31 December 2015
Raw material (including equipments for ship under construction)	2,313,829	3,396,490
Cost of ship under construction	553	7,004
Others	78,567	68,012
Sub-total	2,392,949	3,471,506
Less: provision for doubtful debts	(226,967)	(181,312)
Total	2,165,982	3,290,194

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

	31 December 2016		31 December 2015	
	Amount	% of total balance	Amount	% of total balance
Within 1 year (inclusive)	1,201,088	50.19%	1,426,625	41.10%
1 to 2 years (inclusive)	285,595	11.94%	1,235,909	35.60%
2 to 3 years (inclusive)	619,004	25.87%	592,087	17.06%
Over 3 years	287,262	12.00%	216,885	6.24%
Sub-total	2,392,949	100.00%	3,471,506	100.00%
Less: provision for doubtful debts	(226,967)	9.48%	(181,312)	5.22%
Total	2,165,982	90.52%	3,290,194	94.78%

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

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

(3) As at 31 December 2016, the five largest balances of prepaid expenses are analysed as follows, accumulated by arrearage parties:

	Amount	% of total balance
Total of the five largest prepaid expenses	969,601	40.52%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 6. Prepaid expenses (Continued)

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

As at 31 December 2016, there is no prepaid expenses to those company, shareholders of which hold more than 5% (including 5%) of the voting rights of the Company.

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

Company name	Relationship with the Group	31 December 2016			31 December 2015		
		Amount	% of total balance	Provision for doubtful debts	Amount	% of total balance	Provision for doubtful debts
TSC Group Holdings Limited ("TSC")	Associate	19,274	0.81%	–	15,634	0.45%	–
SHDA	Minority shareholders of subsidiaries	3,005	0.13%	–	159	0.00%	–
Wuhu Tairui Automobile Co., Ltd. ("Wuhu Tairui")	Minority shareholders of subsidiaries	-	0.00%	–	2,800	0.08%	–
Other related parties		1,045	0.04%	–	3,152	0.10%	–
Total		23,324	0.98%	–	21,745	0.63%	–

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 7. Inventories

(1) Inventories are summarised by categories as follows:

	31 December 2016			31 December 2015		
	Book balance	Provision for decline in the value of inventories	Net book value	Book balance	Provision for decline in the value of inventories	Net book value
Raw materials	3,252,604	(163,944)	3,088,660	2,774,903	(112,961)	2,661,942
Work in progress	2,223,924	(27,978)	2,195,946	1,981,997	(15,704)	1,966,293
Finished goods	3,713,285	(125,107)	3,588,178	3,643,812	(151,854)	3,491,958
Consignment stocks	113,302	(242)	113,060	106,210	(243)	105,967
Spare parts	213,712	(1,538)	212,174	70,632	(3,382)	67,250
Low-valued consumables	35,951	(72)	35,879	179,924	(311)	179,613
Materials in transit	22,887	–	22,887	58,672	–	58,672
Completed properties held for sale	852,395	–	852,395	698,008	–	698,008
Properties under development	1,400,761	–	1,400,761	2,740,063	–	2,740,063
Offshore engineering equipment	4,658,377	(123)	4,658,254	2,120,299	–	2,120,299
Amount due from customer for contract work (4)	1,241,321	–	1,241,321	2,402,429	(75,848)	2,326,581
<b>Total</b>	<b>17,728,519</b>	<b>(319,004)</b>	<b>17,409,515</b>	<b>16,776,949</b>	<b>(360,303)</b>	<b>16,416,646</b>

As at 31 December 2016, the Group's closing balances of inventories included capitalised borrowing cost amounting to 187,359,000 (31 December 2015: 320,294,000). The interest rate per annum at which the borrowing costs were capitalised was 3.16%(2015: 4.07%).

As at 31 December 2016, there is no restricted inventories. (31 December 2015: Nil).

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## 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 2015	Increase in current year	Decrease in current year	31 December 2016
Raw materials	2,774,903	25,372,854	(24,895,153)	3,252,604
Work in progress	1,981,997	23,353,614	(23,111,687)	2,223,924
Finished goods	3,643,812	33,406,763	(33,337,290)	3,713,285
Consignment stocks	106,210	847,690	(840,598)	113,302
Spare parts	70,632	415,162	(272,082)	213,712
Low-valued consumables	179,924	175,550	(319,523)	35,951
Materials in transit	58,672	33,173	(68,958)	22,887
Completed properties held for sale	698,008	2,287,774	(2,133,387)	852,395
Properties under development	2,740,063	888,021	(2,227,323)	1,400,761
Offshore engineering equipment	2,120,299	5,603,728	(3,065,650)	4,658,377
Amount due from customer for contract work	2,402,429	14,290,110	(15,451,218)	1,241,321
Total	16,776,949	106,674,439	(105,722,869)	17,728,519

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

Category	31 December 2015	Increase in current year Increase	Decrease in current year		Exchange Differences arising from translating foreign operations	31 December 2016
			Reversal	Write-off		
Raw materials	112,961	69,079	(19,333)	(278)	1,515	163,944
Work in progress	15,704	54,385	(9,339)	(32,909)	137	27,978
Finished goods	151,854	53,113	(30,281)	(50,289)	710	125,107
Consignment stocks	243	–	(2)	–	1	242
Spare parts	3,382	1	(2,719)	–	874	1,538
Low-valued consumables	311	59	(150)	(149)	1	72
Offshore engineering equipment	–	123	–	–	–	123
Amount due from customer for contract work	75,848	–	(14,211)	(64,523)	2,886	–
Total	360,303	176,760	(76,035)	(148,148)	6,124	319,004

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## 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 net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Work in progress	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Finished goods	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Consignment stocks	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Spare parts	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Low-valued consumables	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Offshore engineering equipment	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories
Amount due from customer for contract work	The net realisable value is lower than the net book value	Increase in net realisable value/usage or sales of inventories

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

	31 December 2016	31 December 2015
Aggregate contract costs incurred and profit recognised to date (Less foreseeable losses)	6,293,908	7,410,173
Less: progress billings received and receivable	(5,131,718)	(5,255,806)
	1,162,190	2,154,367
Including:		
Construction work-in-progress in excess of progress billings	1,241,321	2,326,581
Progress billings in excess of construction work-in-progress	(79,131)	(172,214)
	1,162,190	2,154,367

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 8. Assets classified as available for sale

	31 December 2016			
	Book value	Fair value	Expected disposal costs	Expected disposal time
Investment properties	26,401	26,401	–	2017
Fixed assets	92,269	115,743	6,768	2017
Intangible assets	85,177	97,563	4,614	2017
Total	203,847	239,707	11,382	

As at 11 November 2016, upon approval of the Board of Directors, the Group's subsidiaries, Jidong (Qinhuangdao) Vehicle Manufacturing Co., Ltd., one of the subsidiaries of the Group, signed an irrevocable asset transfer agreement with the Qinhuangdao Economic and Technological Development Zone Land Acquisition and Reserve Center to sell its of fixed assets with the carrying amount of 36,377,000 and intangible assets with the carrying amount of 74,954,000. The transfer transaction is expected to be completed within 2017. As at 11 November 2016, with the approval of the Board of Directors, CIMC Vehicle (Group) Xinjiang Co., Ltd., one of the subsidiaries of the Group, has signed an irrevocable asset transfer agreement to sell its investment properties with the carrying amount of 26,401,000, fixed assets with the carrying amount of 55,892,000 and intangible assets with the carrying amount of 10,223,000 to Urumqi High-tech Industrial Development Zone (New Urban Area) People's Government and The Management Committee of Urumqi Hi-Tech Industrial Development Zone, which is expected to be completed by 2017. The above-mentioned assets to be sold are qualified as assets classified as available for sale and are presented separately as current assets in the balance sheet (31 December 2015: Nil).

## 9. Current portion of non-current assets

	31 December 2016	31 December 2015
Finance leases receivable	5,467,492	4,424,686
Less: unrealised financing income	(1,252,505)	(1,134,641)
Finance leases receivable-net	4,214,987	3,290,045
Sales of goods by instalments	33,378	28,776
Others	518	4,808
Sub-total	4,248,883	3,323,629
Less: provision for impairment	(307,194)	(94,961)
Total	3,941,689	3,228,668



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

As at 31 December 2016, the balance of the long-term receivables from related parties due within one year of the Group was 108,990,000 (31 December 2015: Nil).

Company Name	Relationship	31 December 2016	31 December 2015
LiHua gas storage and transportation Co.,Ltd. ("LiHua Energy")	Associate	90,752	–
Y&C Engine Co., Ltd ("Y&C Engine")	Joint Venture	18,238	–
Total		108,990	–

Current portion of non-current assets are summarised by categories as follows:

	31 December 2016				31 December 2015			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Current portion of non-current assets with individually significant values and independent provision for bad debts	143,170	3.37%	49,775	34.77%	118,588	3.57%	17,548	14.80%
Current portion of non-current assets with combined provision for bad debts*	4,105,713	96.63%	257,419	6.27%	3,205,041	96.43%	77,413	2.42%
Total	4,248,883	100.00%	307,194	7.23%	3,323,629	100.00%	94,961	2.86%

Note\*: This category includes non-current assets due within one year that are free of impairment in individual test.

## 10. Other current assets

	31 December 2016	31 December 2015
Tax deductible/withheld	656,847	637,930
Others	45,631	22,909
Total	702,478	660,839

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

	31 December 2016	31 December 2015
Measured at fair value		
– Available-for-sale equity instruments – Listed	2,441	1,342
– Trust plan	–	30,000
Bonds	30,803	–
Measured at historical cost		
– Available-for-sale equity instruments (1) – Unlisted	412,240	392,286
– Others	307	295
Less: provision for impairment	(3,065)	(3,065)
	442,726	420,858

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

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

	31 December 2016	31 December 2015
Available-for-sale equity instruments		
– Fair value	2,441	1,342
– Historical cost	4,582	4,582
– Accumulated net change in fair value of available-for-sale financial assets recognised in other comprehensive income	(2,141)	(3,240)
Trust plan		
– Fair value	–	30,000
– Historical cost	–	30,000
– Accumulated net change in fair value of available-for-sale financial assets recognised in other comprehensive income	–	–
Bonds		
– Fair value	30,803	–
– Historical cost	31,914	–
– Accumulated net change in fair value of available-for-sale financial assets recognised in other comprehensive income	(1,111)	–

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

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

	31 December 2015	Increase in current year	Decline in current year	31 December 2016	Shareholding ratio of investee	Cash dividend in current year
Available-for-sale equity instruments						
– Historical cost						
– China United International Rail Containers Co., Ltd. ("CR Intermodal")	380,780	–	–	380,780	10.00%	3,000
– Bank of Communications Schroder Fund Management Co., Ltd. ("BOCM Schroder")	8,125	–	–	8,125	5.00%	5,000
– Beihai Yinjian Co., Ltd. ("Beihai Yinjian")	1,700	–	–	1,700	1.01%	–
– Guangdong Samsung Enterprise Group Co., Ltd. ("Guangdong Samsung")	1,365	–	–	1,365	0.09%	–
– Donghua Container Transportation Service Co., Ltd. ("SDET").	270	–	–	270	1.48%	–
– Crisplant Singapore Pte Ltd ("Crisplant")	46	–	(46)	–	0.00%	–
– Zhuhai yunzhou-tech Co., Ltd. ("Yunzhou-Tech")	–	20,000	–	20,000	2.00%	–
Sub Total	392,286	20,000	(46)	412,240		8,000
– Provision for impairment	(3,065)	–	–	(3,065)		
Total	389,221	20,000	(46)	409,175		

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 12. Long-term receivables

	31 December 2016	31 December 2015
Finance leases receivable	21,814,831	20,925,786
Less: unrealised financing income	(8,593,181)	(8,429,617)
Finance leases receivable-net	13,221,650	12,496,169
Sales of goods by instalments	325,592	429,747
Others	158,052	241,092
Sub-total	13,705,294	13,167,008
Less: provision for impairment	(485,052)	(432,444)
Total	13,220,242	12,734,564

At the end of 31 December 2016, 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 2015: 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:

	31 December 2016	31 December 2015
Minimum lease receipts		
Within 1 year (inclusive)	5,467,492	4,424,686
1 and 2 years (inclusive)	3,608,636	2,979,251
2 and 3 years (inclusive)	2,261,810	2,756,883
Over 3 years	15,944,385	15,189,652
Sub-total	27,282,323	25,350,472
Less: unrealised finance income	(9,845,686)	(9,564,258)
Total	17,436,637	15,786,214

As at 31 December 2016, the long-term receivables derecognised due to transferring of financial assets in current year (31 December 2015: Nil):

	The derecognised amount	The income from derecognition
Finance lease receivables	1,255,723	38,440

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 12. Long-term receivables (Continued)

At the end of 31 December 2016, the Group's long-term receivables due from related parties amounted to 107,298,000 (31 December 2015:Nil).

Company name	Relationship with the Group	31 December 2016	31 December 2015
LiHua Energy	Associate	75,484	–
Y&C Engine	Joint Venture	31,814	–
Total		107,298	–

Long-term receivables is analysed by categories as follows:

	31 December 2016				31 December 2015			
	Book balance		Provision for doubtful debts		Book balance		Provision for doubtful debts	
	% of total				% of total			
	Amount	balance	Amount	Ratio (%)	Amount	balance	Amount	Ratio (%)
Long-term receivables provisions individually assessed for those with individual significant value	664,270	4.85%	310,302	46.71%	681,166	5.17%	177,300	26.03%
Provision for doubtful debts collectively assessed*	13,041,024	95.15%	174,750	1.34%	12,485,842	94.83%	255,144	2.04%
Total	13,705,294	100.00%	485,052	3.54%	13,167,008	100.00%	432,444	3.28%

Note\*: This category includes long-term receivable that is individually tested but not impaired.

## 13. Long-term equity investments

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

		31 December 2016	31 December 2015
Joint ventures	(2)	500,501	456,688
Associates	(3)	1,661,718	1,579,681
		2,162,219	2,036,369
Less: provision for impairment		(2)	(2)
Total		2,162,217	2,036,367

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.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

	31 December 2015	Movement in current year					Change in foreign exchange rates	31 December 2016	Provision for impairment
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of other Comprehensive income	Other equity movement	Cash dividend declared			
Guangxi Southern CIMC Logistics Equipment Manufacturing Co., Ltd. ("GXNFWL")	35,554	-	4,347	-	-	(3,607)	-	36,294	-
Supercool (Shanghai) Refrigeration Equipment Co. Ltd ("SCSCRC")	3,263	-	(1,092)	-	-	-	-	2,171	-
Shanghai Shenyi Special Vehicle Parts Co., Ltd ("Shanghai Shenyi")	10,955	-	797	-	-	(1,123)	711	11,340	-
NYK Zhenhua logistics (Tianjin) Co. Ltd. ("NKY Zhenhua")	75,339	-	1,874	-	-	(1,781)	-	75,432	-
Three Eyre Shanghai Zhenhua Logistics Co. Ltd. ("Shanghai Three Eyre")	63,899	(57,780)	-	-	-	(6,119)	-	-	-
Kawasaki Zhenghua logistics (Tianjin) Co. Ltd. ("Kawasaki Zhenghua")	20,247	-	2,083	-	-	-	-	22,330	-
Qingdao Jiefeng Baijian Container Maintenance Co.,Ltd. ("Qingdao Jiefeng")	14,124	-	4,296	-	-	(3,952)	63	14,531	-
Dalian Jilong&Baijian Logistics Co., Ltd.. ("DLJL")	4,955	-	648	-	-	-	75	5,678	-
Shanghai Baijian Dewei Container Maintenance Co.,Ltd. ("Shanghai Baijian")	23,264	-	6,003	-	-	(5,855)	476	23,888	-
Tianjin Jinshi Baijian Container Maintenance Co.,Ltd. ("Tianjin Jinshi")	7,494	-	1,879	-	-	(1,546)	106	7,933	-
Y&C Engine Co., Ltd ("Y&C Engine")	193,831	-	1,946	-	-	-	-	195,777	-
Shenzhen Cimc Mobile International Service Co., Ltd	3,763	-	(2,133)	-	-	-	-	1,630	-
Ningbo Meishan Bonded Port Area Chuangzhi Liancheng Investment Management Partnership (Limited Partnership)	-	50,100	-	-	-	-	-	50,100	-
Hangzhou Xinwei Investment Management Partnership	-	20,100	-	-	-	-	-	20,100	-
New Horizon Shipping UG	-	33,287	-	-	-	-	-	33,287	-
Hangzhou Xinwei Investment Management Partnership	-	10	-	-	-	-	-	10	-
<b>Total</b>	<b>456,688</b>	<b>45,717</b>	<b>20,648</b>	<b>-</b>	<b>-</b>	<b>(23,983)</b>	<b>1,431</b>	<b>500,501</b>	<b>-</b>

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



## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

	31 December 2015	Movement in current year								31 December 2016	Provision For impairment
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of Other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates	Recognised impairment provision	Others		
TSC	196,024	-	4,046	-	-	-	12,835	-	-	212,905	-
MSC	2	-	-	-	-	-	-	-	-	2	(2)
Wuhan Automobile magazine Co. Ltd.	406	(406)	-	-	-	-	-	-	-	-	-
Tianzhu (Shanghai) International Freight Agency Co., Ltd.	2,000	-	239	-	-	(339)	-	-	-	1,900	-
LiHua gas storage and transportation Co., Ltd. ("LiHua Energy")	91,006	-	11,170	-	-	-	-	-	-	102,176	-
Jiangsu Ruicheng Machinery Co., Ltd ("Jiangsu Ruicheng")	23,575	-	4,548	-	-	-	-	-	-	28,123	-
Jiuquan Enric Kunlun Cryogenic Machinery Co., Ltd.	4,678	-	(2,070)	-	-	-	-	-	-	2,608	-
Qingdao Yuanxu Properties Co., Ltd	2,061	(2,061)	-	-	-	-	-	-	-	-	-
Optton Inc (Shanghai)	16,724	-	(135)	-	-	-	-	-	-	16,589	-
Xuzhou CIMC Wood Co., Ltd	26,734	-	785	-	-	-	-	-	-	27,519	-
Tianjin Shounong Dongjiang Animal Husbandry Co., Ltd.	35,890	-	(5,454)	-	-	-	-	-	-	30,436	-
Qingdao Port International Trade and Logistics Co., Ltd.	41,397	-	2,003	-	-	-	-	-	-	43,400	-
ZPMC-Red Box Energy Services Limited ("ZPMC")	-	14,567	-	-	-	-	-	-	-	14,567	-



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

	31 December 2015	Movement in current year							31 December 2016	Provision For impairment
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of Other comprehensive income	Other equity movement	Cash dividend declared	Change in foreign exchange rates	Recognised impairment provision		
Tianjin Shouong Import & Export Trading Co. Ltd.	20,086	-	1,024	-	-	-	-	-	21,110	-
Jiahua Shipping Co., Ltd. ("Jiahua Shipping")	97,491	-	28,963	-	-	-	-	-	126,454	-
Xindu Freight Co., Ltd.	183	-	505	-	-	-	-	-	688	-
Chifeng Lvtiyuan Farm Co., Ltd.	3,104	3,000	192	-	-	-	-	-	6,296	-
CIMC Arabia Factory Company Limited	5,218	-	9	-	-	-	-	-	5,227	-
Shanghai Xiangtuo Auto parts Co., Ltd.	727	-	(48)	-	-	-	-	-	679	-
North Searigsas Ltd	12,949	-	1,684	-	-	-	-	-	14,633	-
Ningxia Changming Natural Gas Development Co., Ltd.	18,125	-	206	-	-	-	-	-	18,331	-
Chengdu To Communication Equipment Co., Ltd	2,947	-	(310)	-	-	-	-	-	2,637	-
Shenzhen Road Network Technology Co., Ltd	8,824	-	(1,417)	-	-	-	-	-	7,407	-
Beijing Boxcool Exhibition Co., Ltd.	13,084	-	(661)	-	-	-	-	-	12,423	-
Guangzhou C-H Control Technology Co., Ltd.	22,856	-	1,362	-	-	(389)	-	-	23,829	-
China Fire Safety Enterprise Group Limited ("China Fire Safety")	461,999	-	9,128	-	-	-	14,148	-	485,275	-
Shanghai Tanklink Supply Chain Technology Development Co., Ltd	-	2,000	-	-	-	-	-	-	2,000	-
Zhejiang Xinlong Bamboo Industry Co., Ltd	-	14,447	-	-	-	-	-	-	14,447	-
Ningguo Guangshen Bamboo Products Co., Ltd ("Ningguo Guangshen")	-	662	-	-	-	-	-	-	662	-
Fujian Qingchen Bamboo Industry Co., Ltd. ("Qingchen bamboo industry")	-	2,448	-	-	-	-	-	-	2,448	-
UC Storage LLC	-	5,779	-	-	-	-	-	-	5,779	-
Jiangsu Baoking Auto Parts Co., Ltd	-	24,000	(1,041)	-	-	-	796	-	23,755	-

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

	31 December 2015	Movement in current year							31 December 2016	Provision For impairment
		Increase/ Decrease in investment	Net profit or loss adjusted by equity method	Adjustment of Other comprehensive income	Other equity movement	Cash dividend declared	Change in exchange rates	Recognised impairment provision		
Mori (Shanghai) International Trade Co., Ltd. ("Mori Shanghai")	-	900	(49)	-	-	-	-	-	851	-
Shenzhen Cadro Hydraulic Equipment Co., Ltd. ("Cadro Hydraulic")	-	17,500	358	-	-	-	-	-	17,858	-
Zhongyi Xinwei	-	20,347	2,301	-	-	-	-	-	22,648	-
Henan Yida Tianxia Logistics Technology Co., Ltd. ("Henan Yida")	-	450	(72)	-	-	-	-	-	378	-
CIMC Lengyun (Beijing) Cold Chain Technology Co., Ltd.	-	580	-	-	-	-	-	-	580	-
Qianhai Ruiji Technology Co., Ltd.	-	3,800	(82)	-	-	-	-	-	3,718	-
Shouzhong Investment Management Co., Ltd.	-	120,000	(2,225)	-	-	-	-	-	117,775	-
CIMC Suhang (Changzhou) Logistics Co., Ltd.	-	3,000	-	-	-	-	-	-	3,000	-
Worldlink Yibo (Beijing) International Logistics Co., Limited	-	3,120	-	-	-	-	-	-	3,120	-
	1,579,681	212,979	66,618	-	-	(227,815)	30,255	-	1,661,718	(2)

Refer to Note VI.2 for equity in associates.

The Group's investment ratios in TSC, LiHua Energy, Wuhan Automobile magazine Co. Ltd., 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 31 December 2016, except for Marine Subsea & Consafe, 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 2015: Nil).

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 14. Investment properties

	Buildings and relevant land use rights	Land use rights	Total
1 January 2015 (Restated)	553,398	–	553,398
Additions	86,553	–	86,553
Changes in fair value	65,695	–	65,695
Transferred from fixed assets	92,149	–	92,149
Transferred from intangible assets	17,145	–	17,145
Revaluation gains upon transfers	7,393	–	7,393
Transferred out	(92,165)	–	(92,165)
31 December 2015 (Restated)	730,168	–	730,168
1 January 2016	730,168	–	730,168
Additions	78,176	–	78,176
Changes in fair value	75,792	–	75,792
Transferred from fixed assets	131,859	–	131,859
Transferred from intangible assets	46,843	130,551	177,394
Transferred from construction in progress	786	–	786
Revaluation gains upon transfers	102,062	482,772	584,834
Transferred out to assets classified as held for sale	(26,401)	–	(26,401)
31 December 2016	1,139,285	613,323	1,752,608

In 2016, capitalised borrowing costs in investment properties is 1,266,000 (2015: 5,974,000). The capitalisation rate used to determine the borrowing costs eligible for capitalisation in 2016 is 4.15% per annum (2015: 5.30% per annum).

According to the Resolution of the Board of Directors of the Group dated 29 December 2016, the Group's measurement of investment properties is changed from the cost model to the fair value model. The fair value of the investment properties of the Group belongs to level 3. Details of the valuation methods and significant assumptions used by the Group in determining the fair value of investment properties are set out in Note XIV. 6

For the year ended 31 December 2016, the impact on the Group's profit or loss resulting from the changes in fair value of investment properties is 75,792,000 (31 December 2015: 65,695,000).

There was no disposal of investment properties in 2016.

As at 31 December 2016, the buildings with carrying amount of about 113,196,000 (31 December 2015: 73,359,000) had not been entitled the property ownership certificates due to unfinished entitling procedures. The certificate is expected to be granted in 2017.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 15. Fixed assets

## (1) Fixed assets

	Plants and buildings	Machinery and equipment	Office and other equipment	Motor vehicles	Offshore engineering equipment	Dock, wharf	Total
Original cost							
31 December 2015	10,804,428	9,587,946	1,983,908	977,997	6,389,608	1,254,865	30,998,752
Additions due to business combination	170,910	195,213	45,168	9,766	–	–	421,057
Additions in current year	341,474	513,430	113,490	142,352	–	2,184	1,112,930
Transfers from construction in progress	346,443	795,167	47,262	11,849	–	5,435	1,206,156
Disposal in current year	(701,031)	(954,675)	(253,154)	(96,831)	(17,129)	–	(2,022,820)
Transfers to investment properties	(259,593)	–	–	–	–	–	(259,593)
Divided into held for sale assets	(88,980)	(43,853)	(1,156)	(2,078)	–	–	(136,067)
Exchange differences arising from translating foreign currencies	63,033	18,839	46,473	2,160	410,912	336	541,753
31 December 2016	10,676,684	10,112,067	1,981,991	1,045,215	6,783,391	1,262,820	31,862,168
Accumulated depreciation							
31 December 2015	2,485,875	4,038,777	1,114,910	480,741	405,470	201,016	8,726,789
Additions due to business combination	33,791	106,538	31,093	5,169	–	–	176,591
Depreciation recognised in current year	307,474	768,456	222,083	95,151	264,438	29,504	1,687,106
Decreases in current year	(169,860)	(700,652)	(127,060)	(52,500)	(6,249)	–	(1,056,321)
Transfers to investment properties	(127,734)	–	–	–	–	–	(127,734)
Divided into held for sale assets	(19,027)	(22,145)	(920)	(1,706)	–	–	(43,798)
Exchange differences arising from translating foreign currencies	11,688	40,608	14,172	1,382	23,285	1,880	93,015
31 December 2016	2,522,207	4,231,582	1,254,278	528,237	686,944	232,400	9,455,648
Provision for impairment							
31 December 2015	320,364	87,907	14,910	729	–	–	423,910
Additions due to business combination	–	–	–	1,812	–	–	1,812
Impairment recognised in current year	–	7,250	1,030	30	–	–	8,310
Written off on disposal	(8,917)	(55,572)	(1,380)	(326)	–	–	(66,195)
Exchange differences arising from translating foreign currencies	206	1,216	–	–	–	–	1,422
31 December 2016	311,653	40,801	14,560	2,245	–	–	369,259
Net book value							
31 December 2016	7,842,824	5,839,684	713,153	514,733	6,096,447	1,030,420	22,037,261
31 December 2015	7,998,189	5,461,262	854,088	496,527	5,984,138	1,053,849	21,848,053

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 15. Fixed assets (Continued)

## (1) Fixed assets (Continued)

As at 31 December 2016, the machine with a net book value of approximately 398,144,000 (original cost of 525,305,000) was used as collateral for long-term payables of 159,815,000 (31 December 2015: Nil), see Note IV. 24.

In 2016, depreciation of fixed assets recognised amounted to 1,687,106,000 (2015: 1,581,295,000), of which 1,413,938,000, 20,737,000 and 252,431,000 (2015: 1,299,151,000, 26,331,000 and 255,813,000) has been charged in cost of sales, selling and distribution expenses, general and administrative expenses, respectively.

In 2016, the original cost of fixed assets transferred from construction in progress is 1,206,156,000 (2015: 3,238,692,000).

- (2) As at 31 December 2016, the carrying amount of temporarily idle buildings, machinery and equipment amounts to 207,894,000 (original cost of 409,415,000) (31 December 2015: carrying amount of 125,227,000 and original cost of 322,666,000). The following table presents the detail:

	Original cost	Accumulated depreciation	Provision for impairment	Carrying amount
Buildings	193,493	(52,640)	(8,670)	132,183
Machinery and equipment	185,756	(97,143)	(17,997)	70,616
Transportation	2,547	(2,207)	(62)	278
Office & other equipment	27,619	(17,991)	(4,811)	4,817
	409,415	(169,981)	(31,540)	207,894

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

	31 December 2016			31 December 2015		
	Book balance	Accumulated depreciation	Carrying amount	Book balance	Accumulated depreciation	Carrying amount
Buildings	2,626	(1,875)	751	2,626	(1,313)	1,313
Machinery and equipment	527,599	(127,256)	400,343	525,172	(82,330)	442,842
Offshore engineering special equipments	31,113	(12,187)	18,926	-	-	-
Total	561,338	(141,318)	420,020	527,798	(83,643)	444,155

During the year, the fixed assets held through finance leases mainly consist of machinery and equipment sold and leased back by C&C Trucks and offshore engineering special equipments financial leased by Raffles.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 15. Fixed assets (Continued)

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

	Carrying amount	Reason for pending
Factory	751,173	Put to use, certificate being in the progress
Office building	53,005	Put to use, certificate being in the progress
Workshop	174,041	Information updated, being in the progress
Dormitory and Canteen	29,571	Put to use, certificate being in the progress
Warehouse	124,925	Under preparation of reporting materials
Others	55,835	Certificate being in the progress
<b>Total</b>	<b>1,188,550</b>	

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 16. Construction in progress

## (1) Construction in progress

	31 December 2016			31 December 2015		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Vessels under construction of financing and leasing company	19,405,489	–	19,405,489	13,744,034	–	13,744,034
Raffles H273, H1284 Project	2,754,873	–	2,754,873	2,273,808	–	2,273,808
Enric workshop construction project	88,101	–	88,101	77,149	–	77,149
Cold Chain Research Institute Project	47,633	–	47,633	–	–	–
Production equipment of C&C Trucks	35,218	–	35,218	44,127	–	44,127
Refrigerated car project of Anhui United Feicai	30,583	–	30,583	15,730	–	15,730
Dormitory construction project of QDCRC	21,129	–	21,129	–	–	–
Second phase of Hebei construction	12,033	–	12,033	12,033	–	12,033
Dongguan CIMC vehicle logistics equipment project	11,497	–	11,497	190,727	–	190,727
TCCIMC relocation and reconstruction project	5,400	–	5,400	43,205	–	43,205
Raffles large scale equipment (including 2000T slewing crane)	3,080	–	3,080	26,757	–	26,757
XHCIMCS Production Line and Power						
Facilities Reconstruction Project	1,506	–	1,506	29,933	–	29,933
TJCIMC mid-thick plate and bottom side crossbeam automatic production line	1,575	–	1,575	26,051	–	26,051
TAS New Plant Project	1,498	–	1,498	–	–	–
Container Holding Songshan Lake Office Building	–	–	–	132,928	–	132,928
QDCSR new plant construction project	–	–	–	76,489	–	76,489
Others	351,995	(2,421)	349,574	349,771	(2,354)	347,417
<b>Total</b>	<b>22,771,610</b>	<b>(2,421)</b>	<b>22,769,189</b>	<b>17,042,742</b>	<b>(2,354)</b>	<b>17,040,388</b>

The carrying amounts of construction in progress at the end of the year included accumulated capitalised borrowing cost of 1,532,714,000 (31 December 2015: 1,047,977,000). The interest rate adopted for determining capitalised at borrowing cost for the current year was 3.08%(2015: 4.36%).

As at 31 December 2016, there is no restricted construction in progress of the Group (31 December 2015: Nil).

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 16. Construction in progress (Continued)

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

	Budgeted amount	31 December 2015	Current year additions	Transfer to fixed assets	Transfer to investment properties	31 December 2016	Proportion of expenditures incurred to budgeted amount (%)	Progress of construction	Cumulative capitalised interest	Including: current year capitalised interest	Interest capitalisation rate (%)	Source of funds	Exchange differences arising from translating foreign currencies
Vessels under construction of financing and leasing company	23,796,162	13,744,034	4,947,357	-	-	19,405,489	94%	60%-98%	933,098	400,693	3.08%	Bank loan	714,098
Raffles H273, H1284 Project	2,934,449	2,273,808	326,534	-	-	2,754,873	95%	94%	151,127	75,407	3.08%	Self-funding & bank loan	154,531
Enric workshop construction project	263,719	77,149	22,549	(11,597)	-	88,101	95%	70%	-	-	-	Self-funding	-
Cold Chain Research Institute Project	60,000	-	47,633	-	-	47,633	79%	79%	-	-	-	Self-funding	-
Production equipment of C&C Trucks	75,022	44,127	5,323	(14,232)	-	35,218	96%	94%	-	-	-	Self-funding	-
Refrigerated car project of Anhui United Feicai	41,249	15,730	14,853	-	-	30,583	74%	100%	-	-	-	Self-funding	-
Dormitory construction project of QDCRC	23,369	-	21,129	-	-	21,129	90%	90%	-	-	-	Self-funding	-
Second phase of Hebei construction	92,980	12,033	-	-	-	12,033	102%	100%	-	-	-	Self-funding	-
Dongguan CIMC vehicle logistics equipment project	388,222	190,727	117,940	(297,170)	-	11,497	79%	98%	-	-	-	Self-funding	-
TCCIMC relocation and reconstruction project	69,970	43,205	-	(37,805)	-	5,400	60%	60%	-	-	-	Self-funding	-
Raffles large scale equipment (including 2000T slewing crane)	85,574	26,757	4,050	(28,130)	-	3,080	86%	96%	-	-	-	Self-funding	403
XHOIMCS Production Line and Power Facilities Reconstruction Project	94,447	29,933	12,698	(41,125)	-	1,506	92%	86%	-	-	-	Self-funding	-
TJOIMC mid-thick plate and bottom side crossbeam automatic production line	43,470	26,051	14,247	(38,723)	-	1,575	97%	90%	-	-	-	Self-funding	-
TAS New Plant Project	320,000	-	2,612	(1,114)	-	1,498	71%	43%	10,710	-	-	Self-funding & bank loan	-
Container Holding Songsshan Lake Office Building	200,000	132,928	-	(132,928)	-	-	75%	100%	-	-	-	Self-funding	-
QDCSR new plant construction project	103,721	76,489	27,232	(103,721)	-	-	100%	100%	-	-	-	Self-funding	-
Others		347,417	481,395	(499,611)	(786)	349,574			437,779	8,637			21,159
<b>Total</b>		<b>17,040,388</b>	<b>6,045,552</b>	<b>(1,206,156)</b>	<b>(786)</b>	<b>22,769,189</b>			<b>1,532,714</b>	<b>484,737</b>			<b>890,191</b>

As at 31 December 2016, an amount of 2,421,000 has been recognised as the provision for impairment of construction in progress(31 December 2015: 2,354,000).



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 17. Disposal of fixed assets

	31 December 2016	31 December 2015
Buildings	87,015	63,563
Machinery and equipment	42,016	34,341
Transportation	211	939
Office & other equipment	808	663
Total	130,050	99,506

## 18. Intangible assets and development expenditure

## (1) Intangible assets

	Land use rights	Technical know-how and trade marks	Timber concession rights	Customer relationships	Customer contracts	Maritime use rights	Franchise rights	Total
Original cost								
31 December 2015	4,248,839	1,858,904	234,218	312,028	252,222	85,053	118,660	7,109,924
Additions due to business combination	-	110,558	-	82,086	17,931	-	-	210,575
Current year additions	248,790	198,736	-	3,657	-	4,519	786	456,488
Current year decrease	(290,958)	(133,192)	-	-	-	-	(7,509)	(431,659)
Transferred to investment properties	(215,260)	-	-	-	-	-	-	(215,260)
Transferred to assets classified as held for sale	(100,833)	-	-	-	-	-	-	(100,833)
Exchange differences arising from translating foreign currencies	23,422	(30,383)	15,860	2,400	15,120	5,412	(3)	31,828
31 December 2016	3,914,000	2,004,623	250,078	400,171	285,273	94,984	111,934	7,061,063
Accumulated amortisation								
31 December 2015	654,343	923,702	117,022	119,476	125,298	23,506	4,252	1,967,599
Current year additions	105,838	205,864	4,753	30,474	28,464	3,787	4,631	383,811
Current year decrease	(44,916)	(28,128)	-	-	-	-	(458)	(73,502)
Transferred to investment properties	(37,866)	-	-	-	-	-	-	(37,866)
Transferred to assets classified as held for sale	(15,656)	-	-	-	-	-	-	(15,656)
Exchange differences arising from translating foreign currencies	4,046	(15,358)	8,119	1,810	5,993	1,643	(5)	6,248
31 December 2016	665,789	1,086,080	129,894	151,760	159,755	28,936	8,420	2,230,634
Provision for impairment								
31 December 2015	-	-	103,294	-	55,473	-	-	158,767
Current year additions	-	4,302	-	1,634	-	-	-	5,936
Exchange differences arising from translating foreign currencies	-	262	6,994	183	3,530	-	-	10,969
31 December 2016	-	4,564	110,288	1,817	59,003	-	-	175,672
Carrying amount								
31 December 2016	3,248,211	913,979	9,896	246,594	66,515	66,048	103,514	4,654,757
31 December 2015	3,594,496	935,202	13,902	192,552	71,451	61,547	114,408	4,983,558

In 2016, amortisation expenses of intangible assets amounted to 383,811,000 (2015: 227,862,000).

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

(2) As of 31 December 2016, intangible assets with pending certificates of ownership are as follows:

	Carrying amount in RMB	Reasons for unsettlement
Ningbo Container Manufacture land use right	76,095	in the progress
Nantong Tank Land (2008) No. 0301018	64,474	in the renewal procedure
SCIMCEL Tangkeng land use right	56,372	expired and relevant procedures are required
Nantong Tank Land (2009) No. 0301030	46,785	in the renewal procedure
Anhui United Feicai land use right	24,401	in the process of construction application and filing
C&C Trucks land use right	19,187	in the progress
SCIMCL land use rights	13,021	in the progress
Langfang land use right	8,098	in the progress
SCIMCEL dormitory	1,811	in the progress
Total	310,244	

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

- (3) As of 31 December 2016, there was no restricted intangible assets (31 December 2015: Nil).
- (4) As at 31 December 2016, the intangible asset with indefinite useful lives is Gas station Franchise which amounted to 53,300,000 (31 December 2015: 53,300,000).
- (5) Development expenditure is as follows:

	31 December 2015	Current year addition	Recognised as intangible assets	31 December 2016
Project on vehicle technology	20,880	38,955	(16,746)	43,089
Others	2,086	5,397	(582)	6,901
	22,966	44,352	(17,328)	49,990

In 2016, the Group's development expenditure amounted to 563,792,000 (2015: 614,462,000): 519,440,000 of which (2015: 542,312,000) was included in the current profits and losses, and an amount of 44,352,000 was capitalised as intangible assets in current period (2015: 72,150,000). As at 31 December 2016, intangible assets transferred from development expenditure within the group accounted for 3.18% (2015: 6.57%) of the total book balance of intangible assets.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 19. Goodwill

	Note	31 December 2015	Current year addition	Current year decrease	Exchange differences arising from translating foreign currencies	31 December 2016
Enric		546,335	84,657	–	–	630,992
Vehicles UK	(1)	–	344,552	–	(8,192)	336,360
TGESA		165,777	–	–	(1,275)	164,502
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		544,796	20,947	–	3,930	569,673
Sub-total		1,819,582	450,156	–	(5,537)	2,264,201
Less: provision for impairment						
C & C Trucks		18,867	74,463	–	–	93,330
Others		38,574	3,094	–	1,310	42,978
Sub-total		57,441	77,557	–	1,310	136,308
Total		1,762,141	372,599	–	(6,847)	2,127,893

- (1) For details of goodwill arose from the acquisition of Retlan Manufacturing Ltd (“Retlan”) by CIMC VEHICLES UK LIMITED (“Vehicles UK”), refer to Note V.1.

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

##### 19. Goodwill (Continued)

###### (2) Impairment test for asset group including goodwill

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

	31 December 2016	31 December 2015
Container asset group	120,085	104,413
Road transportation vehicles asset group	408,658	69,749
Energy and chemical & food equipment asset group	1,074,195	990,813
Offshore engineering asset group	229,397	225,222
Logistics services asset group	120,558	120,558
Heavy truck asset group	38,815	113,278
Airport equipment asset group	108,196	108,196
Asset groups with insignificant allocation percentage of goodwill group	27,989	29,912
<b>Total</b>	<b>2,127,893</b>	<b>1,762,141</b>

- (3) The recoverable amount of asset group and combination of asset groups is calculated on the basis of 3 to 5 years by the method of estimated cash flow. For cash flow more than 3 to 5 years, it employs the estimated growth rate to do the calculation.

Employ the main assumptions of discounted future cash flow method:

	Vehicles						C & C	
	Enric	UK	TGE SA	YPDI	Bassoe	Pteris	Trucks	Hashenleng
Growth rate	3%	3%	3%	3%	3%	3%	3%	3%
Gross profit rate	20%	10%	16%	13%	81%	23%-27%	15%	25%
Discount rate	10%	10%	10%	10%	10%	13.5%	12%	10%

The weighted average growth rate employed by the management was in accordance with the estimated rate in the industry report, not exceeding the long term average growth rate of each production. On the basis of historical experience and market development forecast, the management determine the gross profit rate, and employ a discount rate which can reflect the specific risk of asset group and combination of asset groups. The above assumption was used to analyse the recoverable amount of asset groups and combination of asset group of the business segment.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 20. Long-term prepaid expenses

	31 December 2015	Current year addition	Current year amortisation	Exchange differences arising from translating foreign currencies	31 December 2016
Yard facility expenses	11,626	1,593	(3,633)	105	9,691
Project insurance and commission	64,511	134,371	(70,035)	5,077	133,924
Improvements to fixed assets held under operating leases	16,290	860	(7,711)	–	9,439
Operating lease interest expenses	6,704	–	(6,704)	–	–
Improvement of engineering vessel	17,485	8,431	(6,928)	1,008	19,996
Others	49,095	50,010	(25,902)	321	73,524
Sub-total	165,711	195,265	(120,913)	6,511	246,574
Less: provision for impairment	–	–	–	–	–
Total	165,711	195,265	(120,913)	6,511	246,574

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

##### 21. Deferred tax assets and deferred tax liabilities

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

	31 December 2016		31 December 2015 (Restated)	
	Deductible/(taxable) temporary differences	Deferred tax assets/ (liabilities)	Deductible/(taxable) temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Provision for asset impairment	1,546,119	322,474	1,169,328	262,129
Accrued liability	690,921	139,994	720,507	161,477
Employee benefits payable	1,273,607	296,507	1,332,479	335,328
Accrued expenses	493,541	89,303	388,979	75,920
Deductible losses	1,861,895	332,307	1,514,873	253,019
Movement for fair value of financial assets at fair value through profit or loss/hedging instruments	27,566	6,892	230,263	44,458
Available-for-sale financial assets	14,230	2,134	7,826	1,174
Intra-group unrealised revenue	18,904	4,726	62,819	15,705
Others	278,319	69,580	251,362	49,659
Sub-total	6,205,102	1,263,917	5,678,436	1,198,869
Offsetting amount	(25,512)	(6,247)	(7,468)	(1,867)
Offsetting balances	6,179,590	1,257,670	5,670,968	1,197,002
Including:				
Amount estimated to reverse within 1 year(inclusive)		552,415		502,580
Amount estimated to reverse over 1 year		705,255		694,422
		1,257,670		1,197,002
Deferred tax liabilities:				
Movement for fair value of financial assets at fair value through profit or loss	(26,076)	(6,483)	(7,468)	(1,867)
Movement for fair value of Investment properties	(700,853)	(170,909)	(283,503)	(66,821)
Revaluation gain through combination	(933,696)	(231,947)	(1,020,809)	(212,739)
Gross profit of overseas projects(pay tax after completion)	(253,352)	(63,338)	(662,776)	(115,986)
Accelerated depreciation of fixed assets	(441,782)	(179,383)	(524,794)	(123,351)
Others	(46,412)	(11,601)	(83,203)	(15,406)
Sub-total	(2,402,171)	(663,661)	(2,582,553)	(536,170)
Offsetting amount	25,512	6,247	7,468	1,867
Offsetting balances	(2,376,659)	(657,414)	(2,575,085)	(534,303)
Including:				
Amount estimated to reverse within 1 year(inclusive)		(140,809)		(101,628)
Amount estimated to reverse over 1 year		(516,605)		(432,675)
		(657,414)		(534,303)

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

## (2) Unrecognised deferred tax assets

	31 December 2016	31 December 2015
Deductible losses	1,606,035	1,161,698
Impairment losses of SOE	340,729	–
Impairment losses of timber Concession rights	22,119	22,119
Others	3,125	41,133
<b>Total</b>	<b>1,972,008</b>	<b>1,224,950</b>

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

	31 December 2016	31 December 2015	Note
2016	–	1,560,116	
2017	1,199,243	1,199,243	
2018	1,086,941	1,086,941	
2019	340,655	340,655	Note 1
2020	819,702	819,702	
After 2020	4,149,817	812,353	
<b>Total</b>	<b>7,596,358</b>	<b>5,819,010</b>	

Note 1: By the end of 2015 and 2016, unrecognised deferred tax assets aged over 5 years (inclusive) arising from deductible tax losses resulted from foreign subsidiaries' operating losses. Deductible tax losses generated from Hong Kong, the United States of America, the United Kingdom of Great Britain and Australia can be offset with future profit indefinitely; deductible tax losses generated from the Netherlands can be offset in the subsequent nine years.

As at 31 December 2016, the Group is subject to an income tax on the difference of tax rates if its subsidiaries in Hong Kong and overseas decide to distribute dividends to the shareholders in mainland China. The temporary difference arising from the undistributed profits of such subsidiaries is approximately 3,303,113,000 (31 December 2015: 2,396,842,000). Since the Group can control the dividend distribution policy of its subsidiaries and has decided not to distribute dividends in the foreseeable future, the deferred income tax liabilities on such undistributed profits was not recognised.

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 22. Other non-current assets

	Note	31 December 2016	31 December 2015
Entrusted loans		35,547	144,587
Prepayment for land use right		32,235	583
Prepayment for equipment		8,695	35,946
Prepayment for construction		7,429	37,707
Prepayment for equity investment	IV. 5(1)(i)	–	178,634
Prepayment for trades		–	45,455
Others		2,447	22,791
<b>Total</b>		<b>86,353</b>	<b>465,703</b>

As at 31 December 2016, There is no non-current assets due from shareholders holding more than 5% (inclusive) of the voting rights or related parties.(31 December 2015: 20,192,000).

## 23. Provision for asset impairment

	31 December 2015	Additions due to business combination	Current year addition	Current year decrease		Exchange differences arising from translating foreign currencies	31 December 2016
				Reversal	Write-off		
Provision for doubtful debts							
Including: provision for doubtful debts of accounts receivable	461,494	–	204,596	(29,642)	(10,774)	3,562	629,236
Provision for doubtful debts of other receivables	176,545	–	1,412,976	(9,274)	(8,866)	9,058	1,580,439
Provision for doubtful debts of advances to suppliers	181,312	–	46,782	(66)	(1,078)	17	226,967
Provision for doubtful debts of current portion of non-current assets	94,961	–	215,621	(10,548)	–	7,160	307,194
Provision for doubtful debts of long-term receivables	432,444	–	66,356	–	(13,788)	40	485,052
Provision for decline in value of inventories	360,303	–	176,760	(76,035)	(148,148)	6,124	319,004
Provision for impairment of long-term equity investments	2	–	–	–	–	–	2
Provision for impairment of available-for-sale financial assets	3,065	–	–	–	–	–	3,065
Provision for impairment of fixed assets	423,910	1,812	8,310	–	(66,195)	1,422	369,259
Provision for impairment of construction in progress	2,354	–	305	–	(238)	–	2,421
Provision for impairment of intangible assets	158,767	–	5,936	–	–	10,969	175,672
Provision for impairment of goodwill	57,441	–	77,557	–	–	1,310	136,308
<b>Total</b>	<b>2,352,598</b>	<b>1,812</b>	<b>2,215,199</b>	<b>(125,565)</b>	<b>(249,087)</b>	<b>39,662</b>	<b>4,234,619</b>

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



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 24. Restricted assets

As at 31 December 2016, assets with restrictions in their ownership are as follows:

	Note	31 December 2015	Current year addition	Current year decrease	Exchange differences arising from translating foreign currencies	31 December 2016
Assets used as collateral						
– Cash at bank and on hand	IV.1	1,228,043	507,691	(748,477)	–	987,257
– Notes receivable	IV.3	588,835	26,806	(408,888)	–	206,753
– Long term receivables	IV.12	4,009,785	4,947,936	(792,992)	–	8,164,729
– Fix assets	IV.15	–	398,144	–	–	398,144
<b>Total</b>		<b>5,826,663</b>	<b>5,880,577</b>	<b>(1,950,357)</b>	<b>–</b>	<b>9,756,883</b>

Long term receivables are used as collateral for mortgage loan. Notes receivables are used for rediscounting, pledge for letter of guarantee and pledge for pool of notes. Refer to IV.15 for non-current restrictions with restrictions which are used as collateral for long term payables. Refer to Note IV.25 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.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 25. Short-term borrowings

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

	Note	31 December 2016	31 December 2015
<b>Guaranteed</b>	(a)		
USD		2,938,354	1,847,671
RMB		937,852	802,000
EUR		61,487	75,522
CAD		–	2,375
Sub-total		3,937,693	2,727,568
<b>Pledged</b>	(b)		
RMB		59,902	234,258
<b>Unsecured</b>			
USD		7,427,465	14,070,312
EUR		478,076	217,852
GBP		178	143,569
RMB		3,613,782	110,061
AUD		2,296	34,034
SGD		39,006	38,922
JPY		7,169	5,388
Sub-total		11,567,972	14,620,138
<b>Discounted notes</b>			
RMB		164,220	327,060
<b>Total</b>		<b>15,729,787</b>	<b>17,909,024</b>

- (a) As at 31 December 2016, guaranteed borrowings of the Group consisted of the following: bank loans of subsidiary Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group") amounting to USD1,654,000 (Equivalent to RMB11,474,000) and 4,741,000, which is guaranteed by the Group; loans of CIMC Raffles offshore engineering (Singapore) Co., Ltd amounting to 599,811,000, USD69,495,000 (Equivalent to RMB481,932,000) and Euro 2,716,000 (Equivalent to RMB19,839,000), guaranteed by the Group and China International Marine Containers (Hong Kong) Limited ("CIMC HongKong"); loans of subsidiary C&C Trucks amounting to 330,300,000, which is guaranteed by the Group; loans of CIMC Financing and Leasing Co., Ltd. (CIMCVL) amounting to 3,000,000, Euro 5,700,000 (Equivalent to RMB41,648,000) and USD352,450,000 (Equivalent to RMB2,444,948,000), guaranteed by the Group and CIMC HongKong.
- (b) As at 31 December 2016, 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 28,762,000 and loans of Xiamen Hongxin Berg Leasing Co. Ltd. ("Hongxin Berg") pledged with long term receivables from China Everbright Bank Xiamen branch, amounting to 31,140,000.
- (c) As at 31 December 2016, there was no short-term borrowings owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group or related parties.
- (d) As at 31 December 2016, the interest rate of short term borrowing ranged from 0.65% to 16.41%(31 December 2015: 0.64% to 17.12%).

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

	Note	31 December 2016	31 December 2015
Current			
1. Derivative financial liabilities			
– Forward foreign exchange contracts	IV.2(4)	12,022	188,693
– Foreign exchange option contracts		–	54,250
2. Hedging Instrument		4,244	7,826
3. Contingent consideration in acquisition	V.1(2)	125,540	–
Sub-total		141,806	250,769
Non-current			
1. Derivative financial liabilities			
– Interest rate swap	IV.2(5)	3,816	15,203
2. Financial guarantee contracts		57,419	40,268
Sub-total		61,235	55,471
Total		203,041	306,240

## 27. Notes payable

	31 December 2016	31 December 2015
Bank acceptance notes	1,050,745	585,408
Trade acceptance notes	500,837	1,163,669
Total	1,551,582	1,749,077

The above notes payable are due within one year.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 28. Accounts payable

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

	31 December 2016	31 December 2015
Due to raw materials suppliers	8,303,845	7,574,540
Integrated logistics service charges	461,925	358,539
Project contract charges	259,029	335,406
Project procurement charges	658,048	272,175
Due to equipment suppliers	150,029	209,973
Transportation charges	135,159	69,655
Processing charges	129,178	36,664
Others	63,738	36,053
<b>Total</b>	<b>10,160,951</b>	<b>8,893,005</b>

The aging analysis of accounts payable is as follows:

	31 December 2016	31 December 2015
Within 1 year (inclusive)	9,535,350	8,513,311
1 to 2 years (inclusive)	414,188	286,922
2 to 3 years (inclusive)	153,893	42,221
Over 3 years	57,520	50,551
<b>Total</b>	<b>10,160,951</b>	<b>8,893,005</b>

As at 31 December 2016, accounts payable over 1 year with a carrying amount of 625,601,000 (31 December 2015: 379,694,000) are mainly payables related to offshore engineering business. Since the production cycle of the offshore engineering project is usually more than one year, the payables have not yet been settled.

(2) As at 31 December 2016, there was no accounts payable owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group. Accounts payable owed to related parties are as listed follows:

Company name	Relationship with the Group	31 December 2016		31 December 2015	
		Amount	% of total balance	Amount	% of total balance
Y&C Engine	Joint venture	66,157	0.65%	137,172	1.54%
TSC	Associates	25,727	0.25%	69,915	0.79%
Xuzhou CIMC Wood Co., Ltd	Associates	17,905	0.18%	26,272	0.30%
Asahi Trading Co., Ltd	Minority shareholders of subsidiaries	15,902	0.16%	17,855	0.20%
Fujian Qingchen Bamboo Industry Co., Ltd.	Associates	8,138	0.08%	–	0.00%
Other related parties		13,108	0.13%	16,354	0.18%
<b>Total</b>		<b>146,937</b>	<b>1.45%</b>	<b>267,568</b>	<b>3.01%</b>

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 29. Advanced receipts

## (1) Advanced receipts

	31 December 2016	31 December 2015
Advances for goods	3,167,715	1,867,554
Advances for construction	155,912	647,453
Advances for trade and logistics	70,508	164,793
Advances for property	208,583	69,359
Others	177,976	14,352
<b>Total</b>	<b>3,780,694</b>	<b>2,763,511</b>

As at 31 December 2016, advanced receipts over 1 year with a carrying amount of 330,291,000 (31 December 2015: 442,779,000), are mainly rental in advance and project payments related to offshore engineering business. Since the production cycle of the offshore engineering project is usually more than one year, the advanced receipts have not yet been settled.

- (2) As at 31 December 2016, advanced receipts from those who hold 5% or more of the voting rights or related parties amounted to 5,200 (31 December 2015: 4,000).

## 30. Accrued payroll

	Note	31 December 2016	31 December 2015
Short-term wages	(1)	2,090,125	2,180,245
Defined contribution plans	(2)	24,156	52,719
Dismission welfare	(3)	827	1,307
		<b>2,115,108</b>	<b>2,234,271</b>

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 30. Accrued payroll (Continued)

## (1) Short-term wages

	31 December 2015	Current year addition	Current year decrease	Exchange differences arising from translating foreign currencies	31 December 2016
Wages and salaries, bonuses, allowances and subsidies	1,618,976	4,500,032	(4,425,715)	6,026	1,699,319
Profit-sharing and senior management bonus	356,013	–	(150,862)	–	205,151
Housing funds	7,614	171,590	(173,177)	91	6,118
Labor union funds and employee education funds	50,124	46,186	(34,597)	523	62,236
Social security contributions and others	25,838	157,976	(171,304)	7	12,517
Including: Medical insurance	20,388	132,145	(142,976)	7	9,564
Work injury insurance	2,779	17,958	(19,154)	–	1,583
Maternity insurance	2,671	7,873	(9,174)	–	1,370
Other short-term wages	121,680	658,098	(675,442)	448	104,784
Total	2,180,245	5,533,882	(5,631,097)	7,095	2,090,125

## (2) Defined contribution plans

	31 December 2015	Current year addition	Current year decrease	Exchange differences arising from translating foreign currencies	31 December 2016
Basic pensions	47,004	358,471	(384,086)	66	21,455
Unemployment insurance	5,656	13,954	(17,056)	–	2,554
Enterprise annuities	59	2,645	(2,557)	–	147
Total	52,719	375,070	(403,699)	66	24,156

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 30. Accrued payroll (Continued)

## (3) Dismissal welfare

	31 December 2016	31 December 2015
Others (i)	827	1,307

- (i) As at 31 December 2016, the Group provide other compensation amounting to 827,000 to compensate for the termination of employment relationship.

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

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.

## 31. Taxes payable

	31 December 2016	31 December 2015 (Restated)
Value-added-tax payable	209,180	169,422
Business tax payable	8,098	64,975
Enterprise income tax payable	641,098	468,485
Withholding individual income tax	24,180	17,880
City maintenance and construction tax payable	22,517	25,879
Educational surcharge payable	14,824	18,693
Land appreciation tax	92,177	78,940
Others	79,956	79,897
Total	1,092,030	924,171

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 32. Interest payable

	Note	31 December 2016	31 December 2015
Interest of redemption rights of strategic investors	IV. 43	135,990	–
Interest of short-term borrowings		76,730	40,099
Interest of corporate bonds		70,249	127,263
Interest of long-term borrowings		20,406	46,363
Others		–	2,649
<b>Total</b>		<b>303,375</b>	<b>216,374</b>

## 33. Dividends payable

	31 December 2016	31 December 2015
Due to minority shareholders of subsidiaries	16,746	56,034

## 34. Other payables

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

	Note	31 December 2016	31 December 2015
Advance received		1,892,437	1,818,997
Accruals		1,490,340	974,573
Quality guarantees		593,210	331,030
Transportation expenses		315,605	398,355
Equipment or land use rights		185,777	407,542
Current account with subsidiary's minority	(3)	111,054	436,625
External commission		73,619	85,529
Equity payable on Yangshan services		23,200	–
Professional and training fees		17,897	10,098
Insurances		12,732	42,624
Housing maintenance fees		5,456	22,660
Royalties		601	7,098
Advance received for shipbuilding	IV.5.(9)(i)	–	437,013
Others		432,145	312,870
<b>Total</b>		<b>5,154,073</b>	<b>5,285,014</b>

(2) Significant other payables aged over one year mostly consist of unsettled quality guarantee, vehicle mortgage guarantee and various deposits.



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 34. Other payables (Continued)

- (3) As at 31 December 2016, there was no other payables owed to shareholders holding more than 5% (including 5%) of the voting rights of the Group. Other payables owed to related parties are as listed follows:

Company name	Relationship with the Group	31 December 2016		31 December 2015	
		Amount	% of total balance	Amount % of total	% of total balance
Shunde Furi Real Estate Investment Co., Ltd ("Shunde Furi")	Minority shareholder of subsidiary	56,794	1.10%	56,237	1.06%
Gasfin	Minority shareholder of subsidiary	46,990	0.91%	44,093	0.83%
Lihua Energy	Associate	37,690	0.73%	–	0.00%
Shanghai Fengyang	Associate	26,390	0.51%	26,390	0.50%
Ningxia Changming	Associate	11,900	0.23%	11,900	0.23%
TSC	Associate	6,766	0.13%	–	0.00%
MSC	Associate	–	0.00%	437,013	8.27%
Inland Services B.V. (Netherlands)	Minority shareholder of subsidiary	7,270	0.14%	5,445	0.10%
Other related parties		11,584	0.22%	366,068	6.93%
Total		205,384	3.98%	947,146	17.92%

## 35. Provisions

	Note	31 December 2015	Current year additions	Current year payment	Current year reversal	Exchange differences arising from translating foreign currencies	31 December 2016
Product warranties	(1)	736,692	280,947	(139,636)	(191,788)	4,359	690,574
Guarantees for third parties	(2)	2,475	79,104	(2,475)	–	–	79,104
Loss of pending actions		90,690	14,164	(10,337)	(53,521)	2,494	43,490
Others	(3)	45,641	71,475	(5,781)	(69,355)	(7,719)	34,261
Total		875,498	445,690	(158,229)	(314,664)	(866)	847,429

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 35. Provisions (Continued)

- (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) As at 5 August 2016, The People's Court of Qidong City, Jiangsu Province made (2016) Su 0681 Min Po 10 "civil ruling", to make SOE officially enter the bankruptcy liquidation procedures. On SOE's First Creditors Conference meeting held on 19 November 2016, the Company was informed that the steel suppliers such as Shanxi TISCO Stainless Steel Co., Ltd., Anshan Iron & Steel Co., Ltd. and Shanghai Baosteel Pudong International Trade Co., Ltd. have declared creditor's rights amounted to a total of 98,880,000, and proposed CIMC Group has the guaranter's obligation to repay on behalf of SOE. Although all declared claims are in the recognizing procedure by the insolvency representative, the Company, for the sake of prudence, has recorded contingent liability at the amount of 79,104,000, representing 80% of claims, in accordance with the latest financial situation of SOE and its future solvency and other liquidity.
- (3) 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.

## 36. Current portion of non-current liabilities

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

	Note	31 December 2016	31 December 2015
Current portion of long-term borrowings	IV.38		
– Unsecured		3,401,313	60,913
– Mortgaged		–	477,093
– Guaranteed		124,397	110,997
		3,525,710	649,003
Current portion of long-term payables			
Finance lease payable		136,571	130,707
Less: unrealised financing expense		(15,826)	(15,483)
Finance lease payable-net	IV.40	120,745	115,224
Others		17,567	–
		138,312	115,224
Current portion of debentures payable	(2)	–	3,998,881
Current portion of other non-current liabilities		3,850	2,415
Total		3,667,872	4,765,523

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 36. Current portion of non-current liabilities (Continued)

## (2) Current portion of debentures payable

	31 December 2015	Interest accrued at par value	Amortisation for premium/ discount	Current year decrease	31 December 2016
Medium-term notes -11CIMC MTN1	3,998,881	83,056	1,119	(4,083,056)	-

## 37. Other current liabilities

	Note	31 December 2016	31 December 2015
Commercial paper issued by the Group	(1)	1,666,966	-
Others		20,796	-
		1,687,762	-

- (1) The Commercial paper was issued by CIMC Fortune Holdings Limited ("Fortune") and CIMC HK, the subsidiaries of the Group. As at 13 December 2016, Fortune signed a short-term commercial paper agreement with Bank of New York Mellon and Goldman Sachs on issuing commercial paper at the amount of EUR 100 million (equivalent to RMB730,444,000) with an expiry date of 13 January 2017; As at 21 December 2015, CIMC HK renewed a trilateral cooperation framework agreement with Bank of China and Bank Merrill Lynch on issuing commercial paper in the United States within USD600 million. The outstanding 3-year commercial paper issued under such framework agreement was USD135 million (equivalent to RMB936,522,000) with an expiry date of 21 March 2017.

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

#### 38. Long-term borrowings

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

	Note	31 December 2016	31 December 2015
Bank borrowings			
– Unsecured		11,496,937	17,509,934
– Mortgaged	(i)	6,260,830	4,486,878
– Guaranteed	(ii)	12,791,165	2,337,029
		30,548,932	24,333,841
Less: current portion of long-term borrowings			
– Unsecured		3,401,313	60,913
– Mortgaged	(i)	–	477,093
– Guaranteed	(ii)	124,397	110,997
		3,525,710	649,003
Total		27,023,222	23,684,838

- (i) As at 31 December 2016, the subject matters of the financial leasing contracts of the subsidiaries of CIMC Financing and Leasing Co., Ltd are mortgaged as collaterals for the Group's mortgaged loan.

As at 31 December 2016, the Group's long-term guaranteed borrowings were comprised of the following: bank borrowing of Fortune amounted to USD1,491,000,000 (equivalent to RMB10,339,805,000) which were guaranteed by the Company, among which the current portion amounted to USD4,000,000 (equivalent to RMB27,739,000); bank loans of CIMCVL amounted to USD352,247,000 (equivalent to RMB2,443,536,000), guaranteed by the Company and CIMC Hong Kong, among which the current portion amounted to USD13,934,000 (equivalent to RMB96,658,000); bank borrowings of Dongguan CIMC Intelligent Technology Co., Ltd amounted to 7,824,000 guaranteed by the Company.

- (2) No amount due to the shareholders who hold 5% or more of the voting rights of the Company or due to related parties is included in the above balance of long-term borrowings.
- (3) As at 31 December 2016, the interest rate of long-term borrowing ranged from 1.45% to 6.37%(31 December 2015: 1.20% to 6.77%).

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 39. Debentures payable

	31 December 2015	Current issue	31 December 2016
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	11 August 2016	3 years	3,500,000
Medium-term notes -16CIMC MTN2 (i)	2,500,000	22 August 2016	3 years	2,500,000
Medium-term notes -16CIMC MTN3 (ii)	2,000,000	17 October 2016	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 medium-term notes (MTN) with amount of 3.5 billion on 11 August 2016 with a ceiling of 6 billion to institutional investors in the national inter-bank bond market; with par value of 100 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 2.5 billion with par value of 100 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 \$1,986,500,000. 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 October 14, 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 October 14, 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.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 40. Long-term payables

	31 December 2016	31 December 2015
Financial Lease payables	323,920	311,145
Less: unrealised financing expenses	(34,723)	(29,966)
Financial Lease payables-net	289,197	281,179
Payable to minority shareholders	120,789	120,789
Deposits payable	117,922	146,728
Others	1,464	1,440
<b>Total</b>	<b>529,372</b>	<b>550,136</b>

## (1) Details of financial leasing payables

As at 31 December 2016, the total future minimum lease payments under finance leases, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date), were as follows:

	31 December 2016	31 December 2015
Minimum lease payments		
Within 1 year (inclusive)	136,571	130,707
Over 1 year but within 2 years (inclusive)	287,267	107,338
Over 2 years but within 3 years (inclusive)	3,564	81,708
Over 3 years	33,089	122,099
Sub-total	460,491	441,852
Less: unrecognised finance expenses	(50,549)	(45,449)
Carrying amounts	409,942	396,403

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

## (2) As at 31 December 2016, there is no amount due to the shareholders who hold 5% or more of the voting rights of the Company. Amount due to related parties is as follows:

Company name	Relationship with the Group	31 December 2016	31 December 2015
Shunde Furi	Subsidiaries' minority shareholder	120,789	120,789

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 41. Payables for specific projects

	31 December 2015	Current year addition	Current year decrease	31 December 2016
Project funds	5,224	4,709	(229)	9,704
Others	610	–	(610)	–
<b>Total</b>	<b>5,834</b>	<b>4,709</b>	<b>(839)</b>	<b>9,704</b>

## 42. Deferred income

	Note	31 December 2015	Current year addition	Current year decrease	31 December 2016	Reason
Government grants	(1)	505,511	440,806	(116,575)	829,742	Government Grants received, to be recognised in future periods
Others		6,151	9,682	(5,837)	9,996	Outright sale of operating leasing receivables, to be recognised in future periods
<b>Total</b>		<b>511,662</b>	<b>450,488</b>	<b>(122,412)</b>	<b>839,738</b>	

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 42. Deferred income (Continued)

## (1) Government grants

Project name	31 December 2015	Current year additions	Recognised as non-operating income	Other changes	31 December 2016	Related to assets/income
Yantai Raffles National Development and Reform Commission on the release of industrial upgrading project budget report	-	200,000	-	-	200,000	Related to assets
Enric relocation compensation	172,766	18,620	7,133	-	184,253	Related to assets
Enric new factory government grants	102,487	-	22,091	-	80,396	Related to assets
Shanxi CIMC Vehicle Industry Garden construction grants	33,207	23,859	3,014	-	54,052	Related to assets
Ningbo Container Manufacture industry support funds	-	38,000	-	-	38,000	Related to assets
C&C Trucks government build donation	30,000	-	-	-	30,000	Related to assets
TAS industrial base project	29,972	-	1,681	-	28,291	Related to assets
Yantai Raffles Seventh Generation Super Deepwater Drilling Platform (Boat) Innovation Special	-	55,346	28,842	-	26,504	Related to income
Government subsidies of XHCIMCS	19,162	-	1,800	-	17,362	Related to assets
Taicang CIMC Special Logistics Equipment Co. Ltd.	-	11,649	253	-	11,396	Related to assets
Government subsidies of Xinhui Modular Building Manufacturing	10,764	-	-	-	10,764	Related to assets
TCCIMC land compensation	21,824	-	11,962	-	9,862	Related to assets
CQLE Land grant fee refund	8,222	-	201	-	8,021	Related to income
Special equipment controller and system industrialisation based on various communication interfaces of CCHQ	4,000	5,000	1,000	-	8,000	Related to assets
Zhenhua Group Drop and Pull Transport program	5,564	4,500	2,220	-	7,844	Related to assets
TAS information technology development special fund	8,050	-	702	-	7,348	Related to assets
MEA-other	6,301	-	-	-	6,301	Related to income
Environmentally friendly mega deepwater floating production storage unit(FPSO) and application of the South China Sea	5,000	1,000	-	-	6,000	Related to assets
MEA special funds to support industrial innovation	6,440	-	920	-	5,520	Related to assets
KGR R&D fund	4,495	4,270	4,495	-	4,270	Related to assets
Transformation project of high-tech in Jiangsu Province of Yangzhou Runyang	2,989	-	733	-	2,256	Related to assets
TAS technology development fund	5,000	-	4,114	-	886	Related to assets
Enric major technology application fund	1,501	-	1,501	-	-	Related to income
Others	27,767	78,562	23,913	-	82,416	Related to assets/income
<b>Total</b>	<b>505,511</b>	<b>440,806</b>	<b>116,575</b>	<b>-</b>	<b>829,742</b>	



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 43. Other non-current liabilities

	Notes	31 December 2016	31 December 2015
Capital increment from strategic investors	(1)(2)	1,549,826	60,246
Commitment of dividends to minority shareholders	IV. 5(7)(i)	487,632	–
Platform special inspection fees	(3)	73,421	–
Rental advance		12,677	11,389
		2,123,556	71,635

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

The equity of HI that the investors have right to ask repurchase should be fully recognised as a liability because of the existence of right of repurchase; as at 31 December 2016, the relevant liability was 1,249,826,000 (31 December 2015: 60,246,000).

- (2) As at 18 February 2016, 5 new investors signed contract with Shenzhen CIMC Electricity Commerce and Logistics Technology Co., Ltd. (referred to as "CIMC Electricity Commerce"), the subsidiary of the Company. The new investors injected capital to CIMC Electricity Commerce with amount of 300,000,000. Meanwhile, the new investors have the rights to ask the Company to repurchase their shares of CIMC Electricity Commerce in the form of cash under some conditions.

The equity of CIMC Electricity Commerce 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 31 December 2016, the relevant liability was 300,000,000.

- (3) CIMC Leasing, the subsidiary of the Group, is required to pay the platform special inspection fees for its offshore platform and is expected to be paid in 2018.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 44. Share capital

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

	31 December 2014 '000	Current year additions '000	Current year decrease '000	Change of shares subject to selling restriction '000	31 December 2015 '000
<b>Shares subject to trading restriction</b>					
– Held by domestic natural person	634	232	–	–	866
<b>Shares not subject to trading restriction</b>					
– RMB-denominated ordinary shares	1,241,514	18,863	–	–	1,260,377
– Foreign shares listed overseas	1,430,481	286,096	–	–	1,716,577
<b>Total</b>	<b>2,672,629</b>	<b>305,191</b>	<b>–</b>	<b>–</b>	<b>2,977,820</b>

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 45. Other equity instruments

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

	31 December 2014	Current year issuance	Other changes in current year	Paid in current	31 December 2015
Perpetual bonds	–	1,981,143	51,900	–	2,033,043

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 46. Capital surplus

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 46. Capital surplus (Continued)

	31 December 2014	Current year additions	Current year decrease	31 December 2015
Share premium	305,734	3,271,914	–	3,577,648
Other capital surplus:				
– Exchange reserve on foreign currency capital	692	–	–	692
– Donated non-cash assets reserve	257	–	–	257
– Equity settled share-based payment	485,795	46,218	(129,126)	402,887
– Capital surplus due to share option exercised by subsidiary	16,151	(1,876)	–	14,275
– Capital surplus due to minority shareholders' contribution	101,376	106,284	–	207,660
– Decrease in minority interests resulted from disposal of subsidiary (not loss the controlling rights on the subsidiary)	457,189	441,939	–	899,128
– Capital surplus due to corporate restructuring	(42,696)	–	–	(42,696)
– Capital surplus due to acquiring minority shareholders' equity	(224,426)	(4)	–	(224,430)
– Capital surplus due to minority shareholders' contribution	(58,964)	–	–	(58,964)
– Effect of functional currency change	(406,795)	–	–	(406,795)
– Capital surplus due to acquisition or establishment of subsidiary	(51,925)	–	–	(51,925)
– Recognition of buy-back right granted to minority shareholders	–	(1,249,826)	–	(1,249,826)
Others	104,118	9,834	–	113,952
Total	686,506	2,624,483	(129,126)	3,181,863



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 48. Surplus reserve

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

	31 December 2014	Current year additions	Current year decrease	31 December 2015
Statutory surplus reserve	1,336,314	77,172	–	1,413,486
Discretionary surplus reserve	1,790,092	–	–	1,790,092
<b>Total</b>	<b>3,126,406</b>	<b>77,172</b>	<b>–</b>	<b>3,203,578</b>

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

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

## 49. Undistributed profits

	Note	2016	2015 (Restated)
Undistributed profits at the beginning of the year (Pre-adjustment)		17,805,808	16,651,960
Changes in accounting policies		–	90,055
Undistributed profits at the beginning of the year (Adjusted)		17,805,808	16,742,015
Add: net profit attributable to the shareholders and other equity holders of the Company for the current year		539,660	2,026,613
Less: Influence of issuing perpetual bonds		(119,792)	(51,900)
Less: appropriation for surplus reserve		(75,801)	(77,172)
Less: ordinary share dividends payable	(1)	(654,822)	(833,748)
<b>Undistributed profits at the end of the year</b>		<b>17,495,053</b>	<b>17,805,808</b>

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 49. Undistributed profits (Continued)

## (1) Dividends of ordinary shares declared during the year

	2016	2015
Dividends proposed but not declared	-	-
Total proposed dividends in the year	654,822	833,748

In accordance with the resolution at the shareholders' general meeting of the Company, as at 31 May 2016, the Company paid a cash dividend in the amount of 0.22 per share to the ordinary shareholders as at 13 July 2016 (2015: 0.31 per share), totalling 654,822,000 (2015: 833,748,000).

## 50. Revenue and cost of sales

	2016	2015 (Restated)
Revenue from main operations	49,960,016	57,259,634
Revenue from other operations	1,151,636	1,426,170
Total	51,111,652	58,685,804
Cost of sales from main operations	41,019,009	47,398,722
Cost of sales from other operations	463,008	652,288
Total	41,482,017	48,051,010

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



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

Industry	2016		2015 (Restated)	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Containers	10,485,758	9,492,396	20,118,765	17,267,584
Road transportation vehicles	14,261,874	11,667,481	12,352,550	10,008,734
Energy and chemical & food equipment	8,808,022	7,178,465	8,618,953	6,925,891
Offshore business	268,471	(40,725)	1,588,357	1,270,803
Airport facilities	3,072,806	2,496,377	2,675,952	2,171,847
Logistics services	6,980,141	6,245,734	7,632,238	6,936,838
Finance	2,234,692	667,717	1,678,647	618,472
Real estate	816,019	417,434	1,035,994	643,144
Heavy tuck	1,625,677	1,601,293	734,798	865,546
Others	1,406,556	1,292,837	823,380	689,863
Total	49,960,016	41,019,009	57,259,634	47,398,722

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

	2016		2015 (Restated)	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
P.R. China	40,637,350	33,171,765	50,943,571	41,946,965
Europe	4,986,472	4,236,870	3,056,579	2,553,588
America	3,253,113	2,666,228	2,510,295	2,246,438
Asia (except for P.R. China)	788,389	700,787	423,569	421,670
Others	294,692	243,359	325,620	230,061
Total	49,960,016	41,019,009	57,259,634	47,398,722

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.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

	2016		2015 (Restated)	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Rendering of services	786,869	269,449	1,010,128	398,482
Sale of raw materials	364,767	193,559	416,042	253,806
Total	1,151,636	463,008	1,426,170	652,288

## 51. Taxes and surcharges

	2016	2015	Tax base
City maintenance and construction tax	132,272	141,816	7% of VAT and business
Educational sur-charge	99,173	103,554	3% – 5% of VAT and business tax paid
Tenure tax	96,127	2,980	Actual using area of land and unit tax
Land appreciation tax	55,503	40,773	Appreciation amount in transferring property and applicable tax rate
Housing property tax	63,360	2,247	Real estate surplus or property rental income and applicable tax rate
Business tax	21,421	135,939	3% – 5% of revenue
Stamp Duty	24,272	–	Amount or number of taxable voucher and applicable tax rate or unit tax
Others	10,971	5,721	
Total	503,099	433,030	

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 52. Selling and distribution expenses

	2016	2015 (Restated)
Employ benefit	720,700	599,812
Transportation and distribution expenses	685,992	1,059,550
Selling operation	333,922	235,326
Warranty	96,219	176,259
External sales commission	68,133	111,577
Advertising	44,307	57,885
Storage	23,834	78,165
Others	183,873	256,152
<b>Total</b>	<b>2,156,980</b>	<b>2,574,726</b>

## 53. General and administrative expenses

	2016	2015
Employ Benefits	1,775,770	1,694,584
Technology development costs	519,440	542,312
Agency fees	254,440	187,215
Depreciation	252,431	255,813
Amortisation	228,404	169,356
Performance bonus and president bonus	175,826	71,000
Rental	145,335	110,985
Low-value consumables and materials consumed	106,476	82,748
Taxes and surcharges	62,905	232,646
Share-based payment expenses	32,384	62,370
Audit fee	14,070	10,760
Office expenditure, entertainment fee and others	641,117	727,194
<b>Total</b>	<b>4,208,598</b>	<b>4,146,983</b>

## 54. Financial expenses-net

	2016	2015
Interest expenses	1,409,223	921,180
Less: capitalised borrowing costs	507,365	423,520
Less: interest income	142,335	72,383
Exchange (gains)/losses	(175,044)	91,664
Others	134,630	110,860
<b>Total</b>	<b>719,109</b>	<b>627,801</b>

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 55. Expenses by nature

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

	2016	2015 (Restated)
Finished goods and work-in-process movement	(311,400)	(413,264)
Consumption of raw materials and low priced and easily worn articles, etc	35,135,856	41,526,699
Salary and wages	5,925,685	6,293,535
Depreciation and amortisation	2,191,830	1,880,831
Rental	331,061	310,007
Financial expenses	719,109	627,801
Shipping and handling charges	817,931	1,144,002
Selling operation expenses	333,922	235,326
Technology development costs	519,440	542,312
Power expenses	519,311	621,705
Processing and repairing expense	535,228	431,046
Audit fees	14,070	10,760
Other expenses-other manufacturing expenses	423,193	419,895
Other expenses-other selling and distribution expenses	337,318	627,150
Other expenses-other general and administrative expenses	1,074,150	1,142,715
	48,566,704	55,400,520

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

	2016	2015 (Restated)
<b>Financial assets at fair value through profit or loss</b>		
– Changes in fair value during the year		
1. Profit from changes in fair value of equity instrument held for trading	7,776	9,855
2. Profit/(Loss) from changes in fair value of derivative financial instrument	70,286	176,911
– Profit/(Loss) for derecognised financial assets at fair value through profit or loss	232,153	(151,844)
Sub-total	310,215	34,922
<b>Investment properties at fair value</b>	75,792	65,695
<b>Financial liabilities at fair value through profit or loss</b>		
– Changes in fair value during the year		
1. Profit/(Loss) from changes in fair value of derivative financial instrument	242,308	(117,303)
2. Losses from changes in fair value of financial guarantee contract	(14,402)	(20,650)
Sub-total	227,906	(137,953)
Total	613,913	(37,336)

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 57. Investment income

Investment income by categories

	2016	2015
(Loss)/income from disposal of financial assets at fair value through profit Income earned during the holding period of available-for-sale financial assets	(232,153)	151,844
Income earned from disposal of available-for-sale financial assets	8,695	–
Income from long-term equity investment under equity method	855	4,928
Income from disposal of long-term equity investment	87,266	241,649
Income from disposal of leasing business	361,353	3,333
Others	–	371,129
	8,394	3,223
<b>Total</b>	<b>234,410</b>	<b>776,106</b>

## 58. Asset impairment losses

	2016	2015
Other receivables	1,403,702	23,024
Current portion of non-current assets	205,073	(7,685)
Accounts receivable	174,954	68,693
Inventories	100,725	92,239
Goodwill	77,557	38,149
Long-term receivables	66,356	284,641
Advance to suppliers	46,716	23,839
Fixed assets	8,310	26,479
Intangible assets	5,936	–
Construction in progress	305	1,791
<b>Total</b>	<b>2,089,634</b>	<b>551,170</b>

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 59. Non-operating income

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

	Note	2016	2015	Amount recognised in non-recurring profit or loss in 2016
Gains on disposal of non-current assets		451,565	33,876	451,565
Including: gains on disposal of fixed assets		136,406	31,191	136,406
gains on disposal of intangible assets		315,159	2,685	315,159
Compensation income		6,850	21,301	6,850
Penalty income		8,560	42,710	8,560
Government grants	(2)	497,336	298,893	497,336
Unpayable payables	IV.5(9)(i)	136,061	20,890	136,061
Compensation income		112,434	18,530	112,434
Penalty income		1,212,806	436,200	1,212,806

## (2) Details of government grants

	2016	2015	Related to assets/income
Financial subsidies	430,650	236,968	Related to income
Tax refund	55,970	57,654	Related to income
Others	10,716	4,271	Related to income
Total	497,336	298,893	

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 60. Non-operating expenses

	2016	2015	Amount recognised in non-recurring profit or loss in 2016
Losses on disposal of non-current assets	187,013	51,464	187,013
Including: Losses on disposal of fixed assets	171,756	47,148	171,756
Losses on disposal of intangible assets	15,257	4,316	15,257
Donations	1,301	2,850	1,301
Penalty expenses	5,320	6,041	5,320
Compensation expenses	5,008	46,901	5,008
Abnormal losses	95,693	57,075	95,693
Others	16,958	9,253	16,958
Total	311,293	173,584	311,293

## 61. Income tax expenses

	2016	2015 (Restated)
Current income tax calculated based on tax law and related regulations	985,708	917,524
Deferred income tax	(18,640)	34,301
Total	967,068	951,825

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 61. Income tax expenses (Continued)

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

	2016	2015 (Restated)
Profit before tax	1,702,051	3,302,470
Income tax expenses calculated at applicable tax rates	340,144	823,294
Effect of tax incentive	(112,254)	(169,656)
Expenses not deductible for tax purposes	122,230	110,624
Other income not subject to tax	(1,958)	(63,761)
Utilisation of previously unrecognised tax losses	(41,584)	(167,820)
Tax effect of unrecognised tax losses	362,965	295,360
Deductible temporary differences in unrecognised deferred income tax assets	340,729	–
Deductible temporary differences for which no deferred tax asset was recognised in previous years	(38,008)	(25,525)
Effect of tax rate change on deferred tax	–	8,810
Tax refund for income tax annual filing	(5,302)	1,490
Reverse of deferred income tax recognised in prior years	–	157,339
Income tax reversed for profit of foreign holding companies in current year	106	(18,330)
Income tax expenses	967,068	951,825

## 62. 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:

	2016	2015 (Restated)
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	539,660	2,026,613
Influence of the issuing of perpetual bonds	(119,792)	(51,900)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	419,868	1,974,713
Weighted average number of ordinary shares outstanding('000)	2,978,296	2,681,116
Basic earnings per share(RMB/share)	0.14	0.74
Including:Going concern basic earnings per share	0.14	0.74



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 62. Earnings per share (Continued)

## (2) Diluted earnings per share

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

	2016	2015
Consolidated profit attributable to ordinary shareholders and other equity holders of the Company	539,660	2,026,613
Influence of the issuing of perpetual bonds	(119,792)	(51,900)
Effect of subsidiaries' share option program	–	(4,113)
Consolidated profit (adjusted) attributable to ordinary shareholders of the Company	419,868	1,970,600
Weighted average number of ordinary shares outstanding (diluted) ('000) (adjusted)	2,984,119	2,698,523
Diluted earnings per share (RMB/share)	0.14	0.73

## (a) Calculation of weighted average number of ordinary shares outstanding (diluted):

	2016	2015
Weighted average number of ordinary shares out-standing ('000)	2,978,296	2,681,116
Effect of share options ('000)	5,823	17,407
Weighted average number of ordinary shares out-standing (diluted) ('000)	2,984,119	2,698,523

The board of directors the Company was authorised to grant 60,000,000 shares (2.01% of the total issued shares 2,978,576,986) to the senior management and other staffs. Refer to Note IX for details.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 63. Notes to the consolidated cash flow statement

## (1) Cash received related to other operating activities

	2016	2015
Cash received from government grants related to income	230,968	298,893
Cash received from guarantee deposit, Security deposit	142,335	72,383
Cash received from penalty income	8,560	42,710
Cash received from compensation income	6,850	21,301
Others	86,891	55,908
<b>Total</b>	<b>475,604</b>	<b>491,195</b>

## (2) Cash paid related to other operating activities

	2016	2015
Cash paid for transportation and distribution expenses	817,931	1,059,550
Cash paid for rental, insurance and other selling and distribution expenses	106,476	110,985
Cash paid for technical development costs	519,440	542,312
Cash paid for warranty	139,636	105,691
Cash paid for external sales commission	333,922	111,577
Cash paid for entertainment fee	653,540	727,194
Cash paid for travelling, office expenditure and other expenses in ordinary operation	1,999,540	2,214,162
<b>Total</b>	<b>4,570,485</b>	<b>4,871,471</b>

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

	2016	2015
Cash received from government grants related to assets	438,526	42,884
Others	8,394	–
<b>Total</b>	<b>446,920</b>	<b>42,884</b>

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

	2016	2015
Cash received from share option exercised by subsidiary	3,755	11,398
Cash received from disposal of subsidiaries equity (control remained)	–	249,595
<b>Total</b>	<b>3,755</b>	<b>260,993</b>

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

	2016	2015
Cash paid for from acquiring minority interests	748,489	77,430

## 64. 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

	2016	2015 (Restated)
Net profit	734,983	2,350,645
Add: Provisions for asset impairment	2,089,634	551,170
Depreciation of fixed assets	1,687,106	1,581,295
Amortisation of intangible assets	383,811	227,862
Amortisation of investment properties and long-term prepaid expenses	120,913	71,674
Losses on disposal of fixed assets, intangible assets and other long-term assets	151,788	17,588
(Gain)/losses on change in fair value	(613,913)	37,336
Financial cost	1,798,022	1,001,991
Investment income	(234,410)	(776,106)
Share-based payment expenses	32,384	62,370
Increase in deferred tax assets	(60,668)	(61,005)
Increase in deferred tax liabilities	64,998	67,280
(Increase)/decrease in inventories	(451,064)	777,306
Increase in operating receivables	(4,372,074)	(6,712,675)
Increase/(decrease) in operating payables	1,010,109	(2,806,954)
<b>Net cash flows from operating activities</b>	<b>2,341,619</b>	<b>(3,610,223)</b>

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

(b) *Net increase in cash and cash equivalents*

	2016	2015
Cash and cash equivalents at the end of the year	6,338,667	3,259,123
Less: cash and cash equivalents at the beginning of the year	3,259,123	2,935,251
Net increase in cash and cash equivalents	3,079,544	323,872

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

	2016	2015
I. Information on acquisition of subsidiaries and other business units:		
Cash and cash equivalents paid for acquisition	965,036	323,695
Less: Cash and cash equivalents held by subsidiaries and other business units on acquisition date	226,674	152,313
Net cash paid for the acquisition	738,362	171,382
Net assets held by the acquired subsidiaries		
Current assets	604,411	223,134
Non-current assets	505,556	354,060
Current liabilities	537,137	(294,549)
Non-current liabilities	123,640	(53,120)
Minority interest	(20,764)	(168,598)

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

## (3) Information on disposal of subsidiaries or other undertakings:

	2016	2015
I. Information on disposal of subsidiaries or other undertakings:		
1. Cash and cash equivalent received on disposal of subsidiaries or other undertakings	232,000	–
Less: Cash and cash equivalents remained on disposal day of disposed subsidiaries or other undertakings	25,579	–
2. Net cash and cash equivalent received on disposal of subsidiaries or other undertakings	206,421	–
Price of disposed subsidiaries in 2016	548,257	–
Net asset of disposal subsidiaries		
Current asset	1,374,610	–
Non-current asset	203,105	–
Current liabilities	(1,454,511)	–
Non-current liabilities	(12)	–

## (4) Cash and cash equivalents

	31 December 2016	31 December 2015
I. Cash		
Including: Cash on hand	157,493	1,664
Cash at bank that can be readily drawn on demand	5,160,970	3,224,289
Other monetary fund that can be readily drawn on demand	20,278	33,170
II. Redemptory monetary capital for sale by Finance Company	999,926	–
III. Cash and cash equivalents at the end of the year	6,338,667	3,259,123

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

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

## 65. Monetary items denominated in foreign currency

	31 December 2016		
	Functional currency (in thousands)	Exchange Rate	in RMB
Monetary fund –			
USD	10,986	6.9348	76,186
HKD	194,575	0.8945	174,047
AUD	14,350	5.0150	71,965
THB	301,269	0.1944	58,567
GBP	20,949	8.5106	178,289
EUR	367,157	7.3046	2,681,935
JPY	750,008	0.0596	44,700
Others			58,439
			3,344,128
Accounts receivable –			
USD	582,318	6.9348	4,038,259
HKD	58,060	0.8945	51,935
JPY	1,391,214	0.0596	82,916
AUD	7,246	5.0150	36,339
EUR	133,901	7.3046	978,093
Others			477,846
			5,665,388
Other receivables –			
USD	115,553	6.9348	801,337
HKD	21,965	0.8945	19,648
EUR	11,488	7.3046	83,915
Others			160,114
			1,065,014
Long term receivables –			
USD	1,438,294	6.9348	9,974,281
GBP	20,093	8.5106	171,003
Others			1,176
			10,146,460

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

	31 Decemeber 2016		
	Functional currency (in thousands)	Exchange Rate	in RMB
Short-term borrowings –			
USD	1,494,754	6.9348	10,365,819
SGD	8,129	4.7985	39,006
EUR	73,866	7.3046	539,563
GBP	21	8.5106	178
AUD	458	5.0150	2,296
JPY	120,285	0.0596	7,169
			10,954,031
Accounts payable –			
USD	173,740	6.9348	1,204,852
HKD	34,001	0.8945	30,414
EUR	66,638	7.3046	486,764
AUD	7,637	5.0150	38,300
THB	11,623	0.1944	2,260
Others			546,245
			2,308,835
Other payables –			
USD	251,773	6.9348	1,745,995
HKD	58,037	0.8945	51,914
JPY	90,626	0.0596	5,401
EUR	38,042	7.3046	277,882
AUD	238	5.0150	1,194
THB	1,663	0.1944	323
Others			257,500
			2,340,209
Long-term borrowings –			
USD	3,610,978	6.9348	25,041,410
HKD	148,000	0.8945	132,386
Others			255,567
			25,429,363
Long term payables –			
USD	169	6.9348	1,172

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## V. CHANGES IN THE SCOPE OF CONSOLIDATION

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

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

The acquiree	The acquisition date	Cost of acquisition	Acquired equity percentage	Acquisition method	Deterministic accordance of the acquisition date	Cash flows			
						Revenue of the acquiree from the acquisition date to the end of the year	Net loss of the acquiree from the acquisition date to the end of the year	from operating activities of the acquiree from the acquisition date to the end of the year	Net cash flows of the acquiree from the acquisition date to the end of the year
Retlan Manufacturing Ltd	30 June 2016	842,527	100%	By cash	Date of the approval of board of directors, resignation of former director, and approval of the new constitution	711,218	(8,770)	48,066	158,280

## (2) Retlan Manufacturing Ltd

As at 30 May 2016, Vehicles UK, a subsidiary of the Group, entered into a share purchase agreement with the former shareholders of Retlan. Pursuant to the agreement, Vehicles UK offered GBP 80,700,000 (equivalent to RMB712,323,000) as considerations for 100% of the equity of Retlan.

Under the condition that Retlan achieves certain performance conditions, Vehicles UK will pay an additional GBP 14,751,000 (equivalent to RMB130,204,000), and the management expected the criteria would be met. The above mentioned transactions were completed as at 30 May 2016.

Details of the costs of combination and goodwill recognised are as follows:

Costs of combination	
Cash	712,323
Financial liabilities at fair value through profit or loss	130,204
Total costs of combination	842,527
Less: fair value of identifiable net assets obtained	497,975
Goodwill	344,552



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

## 1. Business combinations involving enterprises not under common control (Continued)

## (2) Retlan Manufacturing Ltd (Continued)

The assets and liabilities of Retlan at the acquisition date are as follows:

	Acquisition date Fair value	Acquisition date Carrying amount	31 December 2015 Carrying amount
Cash at bank and on hand	104,573	104,573	48,122
Inventories	131,925	131,925	127,067
Accounts receivable	347,876	347,876	345,914
Prepayment	2,453	2,453	2,018
Other receivables	54,812	54,812	95,092
Fixed assets	236,040	236,040	281,392
Intangible assets	210,575	4,293	7,176
Long-term prepaid expenses	1,593	1,593	1,745
Accounts payable	(429,978)	(429,978)	(402,086)
Taxes payable	(60,992)	(60,992)	(39,122)
Other payables	(52,866)	(52,866)	(62,216)
Deferred tax liabilities	(48,036)	(6,779)	(8,712)
Net assets	497,975	332,950	396,390

On the date of purchase, the intangible assets with identifiable intangible assets are determined by valuation technology. The intangible assets are mainly trademark and customer relationship. The fair value of other assets and liabilities is approximately the book value.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## V. CHANGES IN THE SCOPE OF CONSOLIDATION (CONTINUED)

## 2. Disposal of subsidiaries

(a) The relevant information for the disposal of major subsidiaries during the year is summarised as follows:

Name of the subsidiary	The disposal price	The equity percentage disposed	Disposal method	The disposal date	Deterministic accordance of the disposal date	The difference between the disposal price and the share of the net assets if the disposed subsidiary in the consolidated financial statements	The amount of other comprehensive income related to the equity investment of the Company transferred to the investment gains and losses
Shanghai CIMC Yangshan Container Service Co., Ltd. ("Yangshan Service")	416,000	100%	Selling	30 December 2016	As at 30 December 2016, the Equity Transfer Agreement was approved by the Board of Directors;  The purchaser has paid 50% of the purchase price and has the ability and plan to pay the remaining amount;  The purchaser appointed the directors and general manager, in fact, has controlled the Yangshan service financial and operating policies, and enjoy the corresponding benefits and bear the corresponding risk	274,021	-

(b) The disposal of gain and loss information is as follows:

(i) *Yangshan Service*

The disposal gains are calculated as follows:

	Amount
Disposal price	416,000
Less: the share of the net assets of Yangshan service in consolidated financial statements	141,979
Other comprehensive income transferred to current profits and losses	-
Investment gains from disposal	274,021

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## 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 31 December 2016, the number of companies included in the scope of consolidation added up to 605. Except for the important subsidiaries listed as below, the number of other subsidiaries held by the Group was 351, with paid-in capital amounting to 667,221,040. 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.

## (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	USD16,600,000	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	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	20.00%	50.00%
4	Nantong CIMC Shunda Containers Co., Ltd. (NTCIMC)	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, repair and sale of containers	USD7,700,000	-	71.00%
5	Tianjin CIMC Containers Co., Ltd. (TJIMC) Shenzhen Southern CIMC	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	USD17,400,000	42.53%	57.47%
7	Ningbo CIMC Logistics Equipment Co., Ltd. (NBCIMC)	Business entity	Ningbo, Zhejiang	Ningbo, Zhejiang	Manufacture and sales of containers and related technological consultancy; container storage	USD15,000,000	-	100.00%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

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

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
8	Taicang CIMC Containers Co., Ltd. (TCCIMC)	Business entity	Taicang, Jiangsu	Taicang, Jiangsu	Manufacture and repair of container	USD31,000,000	50.00%	50.00%
9	Yangzhou Runyang Logistics Equipments Co., Ltd.(YZRYL)	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Manufacture, repair and sales of container	USD20,000,000	-	100.00%
10	Shanghai CIMC Yangshan Logistics Equipments Co., Ltd.(SHYSLE)	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant technical advisory	USD29,480,000	-	100.00%
11	Shanghai CIMC Reefer Containers Co., Ltd. (SCRC)	Business entity	Shanghai	Shanghai	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and Heat; Preservation car	USD31,000,000	72.00%	20.00%
12	Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd. (NTCIMCS)	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture, sale and repair of various trough, tank as well as various special storing and transporting equipments and parts	USD10,000,000	-	71.00%
13	Xinhui CIMC Special Transportation Equipment Co., Ltd. (XHCIMCS)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Manufacture and sale of various container, semi-finished container product and relevant components product and relevant components and maintenance service	USD60,299,920	19.01%	80.99%
14	Nantong CIMC Tank Equipment Co., Ltd (NTCIMCT)	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Manufacture and sale of various container, semi-finished container product and relevant components product and relevant components and maintenance service	USD35,000,000	-	70.79%
15	Dalian CIMC Railway Equipment Co., Ltd. (DLCIMCS)	Business entity	Dalian, Liaoning	Dalian, Liaoning	Design, manufacture and sale of various railway freight equipment products	USD20,000,000	55.00%	45.00%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
16	Nantong CIMC Large-sized Tank Co., Ltd.	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	Design, production and sale of tanks and relevant parts; undertaking tank-related general contracting projects	USD4,770,000	-	70.79%
17	Shenzhen CIMC Special Vehicle Co., Ltd.(CIMCSV)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various special-use vehicles, as well as relevant components and parts	RMB200,000,000	-	63.33%
18	Qingdao CIMC Special Vehicle Co., Ltd. (QDSV)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Development, production and sales of various special-use vehicles, refitting trailer series as well as relevant components and parts	RMB62,880,000	44.34%	35.25%
19	Foshan CIMC logistics equipment Co., Ltd ("Foshan Logistics")	Business entity	Foshan, Guangdong	Foshan, Guangdong	Design, production, sale and maintenance of logistics and tooling equipment	RMB3,000,000	-	100.00%
20	Shanghai CIMC Vehicle Logistics Equipments Co., Ltd. (SHL)	Business entity	Shanghai	Shanghai	Development, construction, operation leasing, sales of warehousing and auxiliary facilities	RMB90,204,100	-	63.33%
21	Shenzhen CIMC Wood Co., Ltd. ("CIMC Wood")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Production and sales of floors for containers and related products; relevant service	RMB30,000,000	12.00%	88.00%
22	CIMC Vehicle (Liaoning) Co., Ltd. (LNVS)	Business entity	Yingkou, Liaoning	Yingkou, Liaoning	Development and production of various special-use vehicles as well as components and parts; relevant service	RMB60,000,000	-	63.33%
23	Tianjin Port CIMC Zhenhua Logistics Co., Ltd. ("Tianjin Port CIMC")	Business entity	Tianjin	Tianjin	International and domestic freight agency	RMB100,000,000	-	61.50%
24	CIMC-SHAC (Xi'an) Special Vehicle Co., Ltd. (XASV)	Business entity	Xi'an Shanxi	Xi'an Shaanxi	Development and production of various trailer, special-use vehicles as well as components and parts; professional services	RMB50,000,000	-	47.50%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

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

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
25	Gansu CIMC Huajun Vehicle Co., Ltd. (GSHJ)	Business entity	Baiyin, Gansu	Baiyin, Gansu	Refitting of special vehicles, manufacture of trailer and fittings as well as automobile fittings; sales of relevant materials	RMB25,000,000	-	63.33%
26	Xinhui CIMC Composite Material Manufacture CO., LTD (XHCM)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Production, development, processing and sales of various composite plate products such as plastics, plastic alloy	RMB129,000,000	-	63.33%
27	Qingdao CIMC Eco-Equipment Co., Ltd. (QDHB)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Development, manufacture, sales and service for garbage treatment truck and the components and parts	RMB137,930,000	-	63.33%
28	Shanghai CIMC Special Vehicle Co., Ltd. (SHCIMCV)	Business entity	Shanghai	Shanghai	Development and production of box trailer, box car as well as relevant mechanical products	RMB10,000,000	-	63.33%
29	CIMC Financing and Leasing Co., Ltd. (CIMCVL)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Finance lease business; disposal and maintenance for residual value of leased property, advisory and warranty for leasing transaction	USD70,000,000	75.00%	25.00%
30	Qingdao Refrigeration Transport Equipment Co., Ltd. (QDRV)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture and sales of various refrigerator truck, insulated truck, other transport equipments and spare parts	USD29,405,000	-	76.44%
31	Nantong CIMC Tank Equipment Co., Ltd. (NTCY)	Business entity	Nantong, Jiangsu	Nantong, Jiangsu	production of various pressurization tank car, special pressurization trough, tank and parts	RMB69,945,600	-	70.79%
32	Shenzhen CIMC - Tianda Airport Support Ltd. (TAS)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Production and operation of various airport-purpose electromechanical equipment products	USD13,500,000	-	54.70%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
33	Xinhui CIMC Wood Co., Ltd. (XHCIMCW)	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Production and sales of container-purpose wood floor and relevant products of various specifications; providing relevant technical advisory service	USD15,500,000	-	100.00%
34	Inner Mongolia Holonbuir CIMC Wood Co., Ltd. (NMGW)	Business entity	Inner Mongolia	Inner Mongolia	Production and sales of various container wood floors and wood products for transport equipments	USD12,000,000	-	100.00%
35	Jiaxing CIMC Wood Co., Ltd. (JXW)	Business entity	Jiaxing, Zhejiang	Jiaxing, Zhejiang	Production and sales of container wood floors, wood products for transport equipments and other wood products	USD5,000,000	-	100.00%
36	Shenzhen Southern CIMC Containers Service Co., Ltd. (SCIMCL)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Engaged in container transshipment, stockpiling, devanning, vanning, maintenance	USD5,000,000	-	100.00%
37	Ningbo CIMC Container Service Co., Ltd. (NBCIMCL)	Business entity	Ningbo, Zhejiang	Ningbo, Zhejiang	Goods traffic; goods package, sorting, examination and logistics advisory service	RMB30,000,000	-	100.00%
38	CIMC Shenfa Development Co., Ltd. (CIMC SD)	Business entity	Shanghai	Shanghai	Investment, construction and operation for infrastructure; real estate development and operation	RMB204,123,000	98.53%	1.47%
39	CIMC Vehicle (Xinjiang) Co., Ltd. (SJAS)	Business entity	Urumqi, Xinjiang	Urumqi, Xinjiang	Production and sales of mechanical equipments as well as relevant technical development	RMB80,000,000	-	63.33%
40	CIMC Vehicle (Group) Co., Ltd. (HI)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Development, production and sales of various high-tech and high-performance special vehicle and trailer series	USD212,225,100	44.33%	19.00%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

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

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
41	Qingdao CIMC Special Reefer Co., Ltd. (QDCSR)	Business entity	Qingdao, Shandong	Qingdao, Shandong	Manufacture of various container, semi-finished container product and relevant components and parts	USD39,184,100	-	100.00%
42	Tianjin CIMC Logistics Equipments Co., Ltd. (TJICMCLE)	Business entity	Tianjin	Tianjin	Design, manufacture, sale, maintenance and relevant technical advisory for logistics equipments and relevant components and parts	USD10,000,000	-	90.83%
43	Dalian CIMC Logistics Equipment Co., Ltd. (DLL)	Business entity	Dalian, Liaoning	Dalian, Liaoning	Design, manufacture, sale, maintenance and relevant technical advisory for international trade, entrepot trade, logistics equipment and pressure vessel	USD14,000,000	-	100.00%
44	Chongqing CIMC Logistics Equipments Co., Ltd. (CQLE)	Business entity	Chongqing	Chongqing	Design, manufacture, lease, maintenance of container, special container, other logistic equipment and relevant components and parts	USD8,000,000	75.00%	25.00%
45	Dalian CIMC Heavy Logistics Equipments Co., Ltd.(DLZH)	Business entity	Dalian, Liaoning	Dalian, Liaoning	International trade, entrepot trade; design, manufacture, sale, and relevant technical advisory of pressure vessel;	USD45,170,000	62.70%	37.30%
46	Shenzhen CIMC Intelligent Technology Co., Ltd. ("CIMC Tech")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Design, development, sale, surrogate of electron production software and system	RMB66,388,889	62.96%	9.04%
47	CIMC Taicang refrigeration equipment logistics Co., Ltd.(TCCRC)	Business entity	Taicang, Jiangsu	Taicang, Jiangsu	Research and development, production and sale of reefer container and special container	RMB450,000,000	-	100.00%
48	Hunan CIMC Bamboo Industry Development Co., Ltd.(HNW)	Business entity	Suining, Hunan	Suining, Hunan	Manufacturing and sale of bamboo and wood product	RMB28,000,000	-	100.00%



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
49	CIMC Jidong (Qinhuangdao) Vehicles Manufacture Co., Ltd (QHJV)	Business entity	Qinhuangdao, Hebei	Qinhuangdao, Hebei	Sale of car and car components and parts	RMB70,000,000	-	47.50%
50	Shenzhen South CIMC Logistics Co., LTD ("South Logistics")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Design and research of energy and chemical & food equipment Technology contract transfer, etc.	RMB80,000,000	-	100%
51	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%	-
52	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%
53	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%
54	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%
55	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%
56	CIMC Wood Development Co., Ltd. ("CIMCWD")	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%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

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

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
57	Shenzhen CIMC Skyspace Real Estate Development Co., Ltd ("CIMC Tianyu")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Real estate development	RMB254,634,100	-	82.00%
58	Yangzhou CIMC grand space Real Estate Development Co., Ltd ("CIMC Haoyu")	Business entity	Yangzhou, Jiangsu	Yangzhou, Jiangsu	Real Estate Development, sales and leasing	RMB25,000,000	-	89.20%
59	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%
60	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%
61	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%	-
62	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%	-
63	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%
64	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%
65	Ocean Engineering Design & Research Institute of CIMC (SHOE)	Business entity	Shanghai	Shanghai	Design and research of marine operation platform and other ocean engineering	RMB50,000,000	80.00%	20.00%
66	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%	-

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
67	Shenzhen Sky Capital Co., Ltd (SESKYC)	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment, investment management and related investment business	RMB100,000,000	90.00%	10.00%
68	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%
69	CIMC Container Holding Co., Ltd. ("Container Holding")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Equity investment and management and related investment business	RMB2,736,915,400	100.00%	-
70	Chengdu CIMC Logistics Equipments Co., Ltd. ("Chengdu Logistics Equipment")	Business entity	Chengdu, Sichuan	Chengdu, Sichuan	Chemical liquid tank truck and semi-trailer	RMB15,000,000	-	63.33%
71	Shanxi CIMC Vehicle Industry Garden ("Shanxi Vehicle Garden")	Business entity	Xianyang, Shaanxi	Xianyang, Shaanxi	Production and sales of various special vehicle	RMB80,000,000	-	63.33%
72	CIMC Holdings (B.V.I.) Limited ("CIMC BVI")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Equity investment, property investment and investment management	RMB150,000,000	-	100.00%
73	CIMC modular building design & Development Co. Ltd. ("Modular design")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Design modular building and decorations	RMB50,000,000	-	87.40%
74	CIMC Cold Chain Research Institute Co., Ltd. ("Cold Chain Research")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Standard shipping of refrigerated containers and special refrigerated containers	RMB50,000,000	-	100.00%
75	CIMC Cold Chain Investment Co. Ltd. ("Cold Chain Investment")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Property and project investments	RMB979,000,000	-	100.00%
76	Shenyang CIMC Industrial Park Investment and Development Co., Ltd. ("Shenyang Vehicle Garden")	Business entity	Shenyang, Liaoning	Shenyang, Liaoning	Investment management, asset trustee management	RMB50,000,000	-	63.33%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

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

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
77	Shenzhen Tianda CIMC Logistics System Engineering Co Ltd ("Tianda Logistics")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Automatic logistics system engineering, real-time logistics management system	RMB60,000,000	-	54.70%
78	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	RMB50,000,000	-	82.00%
79	Zhejiang Teng Long Industry Group Co., Ltd. ("Teng Long industry")	Business entity	Quzhou, Zhejiang	Quzhou, Zhejiang	Sale of wood and bamboo products, bamboo and wood technology research and development, consulting	RMB6,000,000	-	51.00%
80	Guangdong Xinhui Modular Building Manufacturing Co. Ltd. ("Xinhui Modular")	Business entity	Jiangmen, Guangdong	Jiangmen, Guangdong	Production and sale of integrated houses, prefabricated houses, metal structure	RMB80,000,000	-	100.00%
81	Shenzhen CIMC new process of Automotive Supply Chain Management Co. Ltd. ("New Process")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Supply Chain Management	RMB10,000,000	-	60.00%
82	Shanghai Xinzhitu Logistics ("Shanghai Xinzhitu")	Business entity	Shanghai	Shanghai	International Freight transport agents, general cargo transport	RMB10,000,000	-	100.00%
83	Qianhai CIMC leasing (Shenzhen) Co., Ltd. ("Qianhai rental")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Financing lease business Lease transaction advisory	USD80,000,000	-	100.00%
84	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%
85	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%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
86	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%
87	Qingdao CIMC Innovation Industrial Park Development Co. Ltd. ("Qingdao Creative Industry Park")	Business entity	Qingdao Shandong	Qingdao Shandong	Development and management of real estate and property; advisory service for real estate and investment	RMB10,000,000	-	82.00%
88	Anhui United Feicai Vehicle Co., Ltd. ("United Feicai")	Business entity	Xuancheng Anhui	Xuancheng Anhui	Production and sales of various special-use vehicles and engineering machinery	RMB158,000,000	-	66.24%
89	Zhenghua (Tianjin) Container Service Co., Ltd. ("Zhenghua Container Service")	Business entity	Tianjin	Tianjin	Domestic and international freight transport agents, and relevant advisory service	RMB85,761,300	-	75.00%
90	Kunshan CIMC Automatic logistic equipment Co., Ltd. ("Kunshan CIMC")	Business entity	Kunshan Jiangsu	Kunshan Jiangsu	Automatic logistics system, and air cargo handling system	RMB80,000,000	-	54.70%
91	CIMC Tianda(Longyan) Investment Development Co., Ltd.	Business entity	Longyan Fujian	Longyan Fujian	The parking lot investment, asset management and real estate development business	RMB20,000,000	-	32.82%
92	Albert Ziegler GmbH(Beijing) Sales Co., Ltd. ("Ziegler")	Business entity	Beijing	Beijing	Fire trucks, rescue vehicles and relevant accessories, machinery equipment import-export business and relevant agent business	EUR 1,500,000	-	60.00%
93	Shenzhen CIMC Yuanwang Valley Intelligent Technology Co., LTD ("Shenzhen Yuanwang valley")	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	Automatic identification products, radio frequency identification systems and products and relevant advisory business	RMB10,000,000	-	54.72%
94	Shenzhen CIMC Electricity Commerce and Logistics Technology Co., LTD	Business entity	Shenzhen, Guangdong	Shenzhen, Guangdong	The development of electric commerce platform and domestic trade	RMB137,844,600	-	50.78%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
95	Nantong CIMC Sanctum Cryogenic Equipment Co., Ltd ("Sanctum Nantong")	Business entity	Nantong Jiangsu	Nantong Jiangsu	Manufacture and sales of cryogenic equipment and chemical metallurgy equipment, etc.	RMB20,000,000	-	70.79%
96	Dongguan CIMC Special Vehicle Co., Ltd. ("Dongguan CIMC Special Vehicle")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Development, production and sales of various special-use vehicles, refitting vehicles, special vehicles, trailer series	RMB200,000,000	-	63.33%
97	Guandong CIMC Vehicle Industry Garden ("Guandong Vehicle Industry Garden")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Project investment, real estate development, rental and sales of houses and sites	RMB30,000,000	100%	-
98	Zhenhua (Tianjin) supply chain management co., LTD ("Zhenhua supply chain management")	Business entity	Tianjin	Tianjin	Warehouse service; Logistic Distribution and loading, unloading, handling services	RMB79,475,000	-	75.00%
99	CIMC Technology Co., LTD ("Jiangmen CIMC technology")	Business entity	Jiangmen Guangdong	Jiangmen Guangdong	Intelligent equipment technology development Industrial investment	RMB50,000,000	-	100.00%
100	Shenzhen CIMC Vehicle Park Investment Management Co., Ltd. ("Shenzhen Vehicle Park")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Investment management, assets fiduciary management	RMB152,500,000	-	63.33%
101	CIMC Modern Logistic Development Co.,Ltd. ("Modern Logistic")	Business entity	Tianjin	Tianjin	International and domestic freight transport agents, general and CIQ affairs	RMB1,049,226,700	100.00%	-
102	Dongguan Southern CIMC Logistic Equipment Manufacturing Co.,Ltd. ("Dongguan Southern CIMC")	Business entity	Dongguan Guangdong	Dongguan Guangdong	Manufacture and repair container and containers stacking storage operation	RMB600,000,000	-	100.00%
103	Ningbo CIMC Container Manufacture Co., Ltd. ("Ningbo Container Manufacture")	Business entity	Ningbo	Ningbo	Manufacture, production and sales of containers	RMB500,000,000	-	100.00%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
104	Shenzhen CIMC Peng Feng Venture Investment Co., LTD ("Peng Feng Venture Investment")	Business entity	Shenzhen	Shenzhen	Equity investment	RMB50,000,000	-	100.00%
105	Shenzhen Three HuaZhuoYue investment co., LTD ("Shenzhen Three HuaZhuoYue")	Business entity	Shenzhen	Shenzhen	Investment holding	RMB30,000,000	-	66.24%
106	Guangdong Hui Zhong Da Laser equipment co., LTD ("Guangdong Laser Equipment")	Business entity	Jiangmen	Jiangmen	Manufacture of laser equipment	RMB31,800,000	19.01%	80.99%
107	Yangzhou CIMC Hongyu Real Estate Co., Ltd. ("Yangzhou Hongyu Real Estate")	Business entity	Yangzhou	Yangzhou	Real estate development; sales and lease of properties investment in properties	RMB25,000,000	-	82.00%
108	Yangzhou CIMC Dayu Real Estate Co., Ltd. ("Yangzhou Dayu Real Estate")	Business entity	Yangzhou	Yangzhou	Real estate development; sales and lease of properties	RMB25,000,000	-	82.00%
109	Yangzhou CIMC Huayu Hotel Investment Co., Ltd. ("Yangzhou Huayu Hotel")	Business entity	Yangzhou	Yangzhou	Food and beverage service, corporate management; advisory and investment management	RMB35,000,000	-	82.00%
110	Taicang CIMC Special Logistics Equipment Co. Ltd. (Taicang Special Equipment)	Business entity	Taicang jiangsu	Taicang jiangsu	Production and manufacture of special container equipment	USD20,000,000	50.00%	50.00%
111	Zhengzhou Constant Embellish Energy Co., LTD ("Zhengzhou Constant Energy")	Business entity	Zhengzhou	Zhengzhou	Asset management	RMB43,000,000	-	66.00%
112	CIMC Enric Investment Holdings (Shenzhen) Ltd. ("Enric Shenzhen investment holding")	Business entity	Shenzhen	Shenzhen	Investment holding	USD80,000,000	-	70.79%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
113	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. ("Sanctum Cryogenic")	Business entity	Zhangjiagang	Zhangjiagang	Manufacture, process and sales of cryogenic equipment, petroleum chemical equipment mental products and relevant parts; related advisory service	RMB30,000,000	-	63.71%
114	Tianjin Hongxin Berg Leasing Co. Ltd. ("Tianjin Hongxin Berg")	Business entity	Tianjin	Tianjin	Financial leasing	RMB20,000,000	-	51.00%
115	Shenzhen Heben Pesticide & Chemicals Co., Ltd. ("Heben technology")	Business entity	Shenzhen	Shenzhen	Sales and service	RMB20,000,000	-	50.78%
116	Guangzhou E-station Information Technology Co., Ltd. ("E-station Technology")	Business entity	Guangzhou	Guangzhou	Sales and service	RMB20,000,000	-	50.78%
117	CIMC Holdings (B.V.I) Limited ("CIMC BVI")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	100.00%
118	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%
119	CIMC-SMM Vehicle (Thailand) CO., LTD. ("Thailand V")	Business entity	Thailand	Thailand	Production and sales of various special vehicles	THB260,000,000	-	51.93%
120	CIMC Vehicle Investment Holding Co., Ltd. ("CIMC Vehicle")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	USD1	-	63.33%
121	CIMC Europe BVBA ("BVBA")	Business entity	Belgium	Belgium	Investment holding	EUR 18,550	-	100.00%
122	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%	-



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
123	CIMC Burg B.V. ("BV")	Business entity	Holland	Holland	Investment holding	EUR 90,000	-	100.00%
124	Tacoba Forestry Consultant N.V. ("Suriname") ("Tacoba")	Business entity	Suriname	Suriname	Sales and purchase of wood	SRD 3,000,000	-	100.00%
125	Charm Wise Limited ("Charm Wise")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	USD50,000	-	100.00%
126	Gold Terrain Assets Limited ("GTA")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	100.00%
127	Full Medal Holdings Ltd. ("Full Medal")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	70.79%
128	Charm Ray Holdings Limited ("Charm Ray")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD10,000	-	70.79%
129	Charm Beat Enterprises Limited ("Charm Beat")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	63.33%
130	Sharp Vision Holdings Limited ("Sharp Vision")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1	-	100.00%
131	Sound Winner Holdings Limited ("Sound Winner")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD50,000	-	70.79%
132	Grow Rapid Limited ("Grow Rapid")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1	-	100.00%
133	Powerlead Holding Ltd. ("Powerlead")	Business entity	British Virgin Islands	British Virgin Islands	Investment holding	USD10	-	100.00%
134	Cooperatie Vela U.A.	Business entity	Holland	Holland	Investment holding	EUR 75,000,000	-	70.79%
135	Vela Holding B.V.	Business entity	Holland	Holland	Investment holding	EUR 90,000	-	70.79%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

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

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
136	CIMC Financial Leasing(HK) Co Ltd.	Business entity	Hong Kong, China	Hong Kong, China	Financial Leasing	HKD500,000	-	100.00%
137	CIMC Offshore Holdings Limited ("CIMC Offshore")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2,234,855,000	-	100.00%
138	Cooperatie CIMC U.A. ("COOP")	Business entity	Holland	Holland	Investment holding	EUR 25,500,000	99.00%	1.00%
139	North Sea Rigs Holdings ("NSR")	Business entity	British Virgin Islands	British Virgin Islands	Financial leasing project company	USD6,000	-	91.50%
140	Hongkong CIMC Tianda Airport Support Ltd. ("TAS Hongkong")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD1,000,000	-	54.70%
141	CIMC Development (Australia)Pty Ltd ("Development Australia")	Business entity	Australia	Australia	Investment holding	AUD 8,000,000	-	100.00%
142	Beacon holdings Group Ltd ("Beacon holdings")	Business entity	British Virgin Islands	British Virgin Islands	Financial leasing project company	USD4,900	-	100.00%
143	Lihua Logistics Company Limited ("Lihua")	Business entity	Hong Kong, China	Hong Kong, China	Logistics	USD4,850,000	-	75.00%
144	Beacon Pacific Group Ltd. ("Beacon Pacific")	Business entity	British Virgin Islands	British Virgin Islands	Financial Leasing project company	USD42,500,000	-	100.00%
145	CIMC Holdings Australia Pty Ltd ("Holdings Aus")	Business entity	Australia	Australia	Investment holding	AUD 8,724,000	-	63.33%
146	CIMC Trailer Poland SP Zoo ("Trailer Poland SP Zoo")	Business entity	Poland	Poland	Investment holding	EUR 3,000,000	-	63.33%
147	CIMC Multimodal Transport Development Co. Ltd. ("Multimodal Transport")	Business entity	Shenzhen	Shenzhen	Provide multimodal transport logistics services	RMB100,000,000	-	80.00%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

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

## (i) Domestic subsidiaries (Continued)

	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
148	CIMC FORTUNE HOLDINGS LIMITED ("Fortune Holdings")	Business entity	Hong Kong	Hong Kong	Financial Services	USD2,000,000	100.00%	-
149	CIMC MBS Hong Kong Limited ("MBS(HK)")	Business entity	Hong Kong	Hong Kong	Investment holding	HKD50,000	-	100.00%
150	CIMC Kaitong Logistics Development Co. Ltd. ("Kaitong Logistics")	Business entity	Nanjing Jiangsu	Nanjing Jiangsu	Logistics Services	RMB80,000,000	-	51.00%
151	CIMC Offshore Holdings Co., Ltd ("Offshore Holdings")	Business entity	Shenzhen	Shenzhen	Investment holding	RMB2,335,000,000	100.00%	-
152	Shenzhen CIMC Tian Da Ji Rong Air Refrigeration Co., Ltd	Business entity	Shenzhen	Shenzhen	Production of aviation refrigeration equipment	RMB50,000,000	-	38.29%
153	Tianjin YongWang machine equipment leasing Ltd ("Tianjin YongWang")	Business entity	Tianjin	Tianjin	Financial Services	RMB6,500,000,000	-	15.00%
154	Guangdong CIMC building construction Co. Ltd	Business entity	Guangdong	Guangdong	Module supply	RMB50,000,000	-	100.00%
155	CIMC Modula Building Systmes (Australia) Pty Ltd ("MBS AU")	Business entity	Australia	Australia	Module supply	AUD 500,000	-	100.00%
156	EVERISE CAPITAL PTY LTD ("EVERISE")	Business entity	Australia	Australia	Investment holding	AUD 10	-	100.00%
157	GLOBAL PLUS PTY LTD ("GLOBAL")	Business entity	Australia	Australia	Investment holding	AUD 1	-	100.00%
158	HARVEST AVENUE PTY LTD ("HARVEST")	Business entity	Australia	Australia	Investment holding	AUD 1	-	100.00%
159	Shenzhen CIMC Tongchuang Supply Chain Co., Ltd	Business entity	Shenzhen	Shenzhen	Investment holding	RMB35,700,000	-	100.00%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

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

##### (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	RMB100,000,000	-	47.50%
2	Wuhu CIMC Ruijiang Automobile CO LTD (WHVS)	Business entity	Wuhu, Anhui	Wuhu, Anhui	Development, production and sales of various special vehicles, ordinary mechanical products and metal structure parts	RMB100,000,000	-	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	-	47.50%
4	Qingdao CIMC Container Manufacture Co., Ltd (QDCC)	Business entity	Qingdao,	Qingdao,	Manufacture and repair of container, processing and manufacture of various mechanical parts, structures and equipment	USD27,840,000	-	100.00%
5	Qingdao CIMC Reefer Container Manufacture Co., Ltd.(QDCRC)	Business entity	Qingdao,	Qingdao,	Manufacture and sale of refrigeration and heat preservation device of reefer container, refrigerator car and heat preservation car; providing maintenance service	USD86,846,680	-	100.00%
6	Tianjin CIMC North Ocean Container Co., Ltd. (TJCIMC)	Business entity	Tianjin	Tianjin	Manufacture and sales of container, vehicles and ships After-sales service of containers	USD16,682,000	47.50%	52.50%
7	Shanghai CIMC Baowell Industries Co. Ltd (SBWI)	Business entity	Shanghai	Shanghai	Manufacture and sale of container as well as relevant	USD28,500,000	-	94.74%
8	CIMC Vehicle (Group) (Shandong) Co. Ltd.(KGR)	Business entity	Zhangqiu, Shandong	Zhangqiu, Shandong	Development and manufacture of special cars and other series products	USD18,930,100	-	55.10%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### 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	Zhumalian, Henan	Zhumalian, Henan	Refitting of special vehicles, sales of vehicle related materials	RMB85,340,000	-	63.33%
12	Zhangjiagang CIMC Sanctum Cryogenic Equipment Machinery Co., Ltd. (SDY)	Business entity	Zhangjiagang, Jiangsu	Zhangjiagang, Jiangsu	Development, manufacture and installation of deep freezing unit, petrochemical mechanical equipment, tank container, pressure vessel	RMB795,532,000	-	70.79%
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. (QDHL)	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	-	70.79%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### 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 pressure vessel	USD32,000,000	-	70.79%
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	-	70.79%
19	Enric (Beijing) Energy Technology Co., Ltd. ("Beijing Enric")	Business entity	Beijing	Beijing	Manufacturing and exploiting Energy Equipment integration	HKD40,000,000	-	70.79%
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	-	70.79%
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	-	56.63%
22	Ningguo CIMC Wood Co., Ltd. (NGCIMCW)	Business entity	Ningguo, Anhui	Ningguo, Anhui	Production and sales of plywood floors decorative floors and related bamboo and wood products; wood purchase for production	USD1,300,000	-	60.00%
23	Yantai CIMC Raffles offshore Ltd. (YCRO)	Business entity	Yantai, Shandong	Yantai, Shandong	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB2,291,190,000	-	97.89%
24	Yantai CIMC Raffles ship Co., Ltd (YCRS)	Business entity	Yantai, Shandong	Yantai, Shandong	Construction of ship as well as component; sales of container and offshore oil platform channel and steel production	RMB125,980,000	-	83.47%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## 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
25	Haiyang CIMC Raffles offshore Ltd. (HCRO)	Business entity	Haiyang, Shandong	Haiyang, Shandong	Construction of dock; Designation, production of ship; production of equipment of pressure and offshore oil platform	RMB200,000,000	-	97.89%
26	Longkou CIMC Raffles offshore engineering Co., Ltd (LCRO)	Business entity	Longkou, Shandong	Longkou, Shandong	Construction of offshore project and supplement	RMB290,000,000	-	97.89%
27	Shandong Master Special Vehicle Manufacturing Co., Ltd (SDMV)	Business entity	Jining, Shandong	Jining, Shandong	Manufacture and sales of mixing truck, special vehicle and components and parts	RMB66,000,000	-	47.50%
28	Xinfa Airport Equipment Ltd. ("Xinfa Airport")	Business entity	Beijing	Beijing	Manufacture and sales of airport shuttle buses	RMB25,000,000	-	38.29%
29	Yangjiang Shangdong Furi Real Estate Co., Ltd. (YJFR)	Business entity	Yangjiang, Guangdong	Yangjiang, Guangdong	Real estate development and operation planning and consulting, sale of construction materials and inner house decoration	RMB10,000,000	-	49.20%
30	Nanjing Yangzi Petrochemical Design & Engineering Co., Ltd. ("Yangzi Petrochemical")	Business entity	Nanjing, Jiangsu	Nanjing, Jiangsu	Project related to petrochemical industry	RMB88,000,000	-	70.79%
31	Zhenhua Logistics Group Co., Ltd. ("Zhenhua Group")	Business entity	Tianjin	Tianjin	Container and cargo Distribution, freight and repairment	USD51,596,000	-	75.00%
32	Xiamen Hongxin Berg Leasing Co. Ltd. ("Hongxin Berg")	Business entity	Xiamen, Fujian	Xiamen, Fujian	Financial leasing and leasing business	USD21,300,000	-	51.00%
33	Tianjin Zhenhua Haijing Logistics Co. Ltd. ("Zhenhua Haijing")	Business entity	Tianjin	Tianjin	Construction and operation of warehousing facilities, container depot	RMB145,000,000	-	45.00%
34	Tianjin Zhenhua International Logistics Co. Ltd. ("Zhenhua IL")	Business entity	Tianjin	Tianjin	Non-vessel carrier, freight agent	RMB133,970,000	-	75.00%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## 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
35	Shandong Zhenhua Logistics Co., Ltd. ("Shandong Zhenhua")	Business entity	Qingdao, Shandong	Qingdao, Shandong	Common freight and special freight transport for dangerous goods	USD9,150,000	-	75.00%
36	Tianjin Zhenhua Customs Broker Co. Ltd. ("Tianjin CB")	Business entity	Tianjin	Tianjin	Customs clearance and related consulting services	RMB12,516,400	-	75.00%
37	Zhenhua International Shipping Agency (Qingdao) Co., Ltd. ("Qingdao Shipping Agency")	Business entity	Qingdao, Shandong	Qingdao, Shandong	International shipping agency business	RMB10,000,000	-	75.00%
38	Tianjin Zhenhua International Shipping Agency Co. Ltd. ("Tianjin Shipping Agency")	Business entity	Tianjin	Tianjin	International shipping agency business	RMB10,000,000	-	75.00%
39	Shanghai Zhenhua International Shipping Agencies Ltd ("Shanghai Shipping Agencies")	Business entity	Shanghai	Shanghai	International shipping agency business	RMB10,000,000	-	75.00%
40	Zhenhua Dongjiang(Tianjin) Co.,Ltd. ("Zhenhua Dongjiang(Tianjin)")	Business entity	Tianjin	Tianjin	Common and special freight transport	RMB50,000,000	-	75.00%
41	Tianjin Zhenhua International Trade Bonded Warehousing Tianjin Zhenhua Trade Bonded	Business entity	Tianjin	Tianjin	Cargo transport agency services	RMB5,628,800	-	75.00%
42	Brigantine Services (Shenzhen) Co.,Ltd. ("Shenzhen Brigantine")	Business entity	Shenzhen Guangdong	Shenzhen Guangdong	Provides a container and ship repair services and related technical	HKD7,500,000	-	70.00%
43	Brigantine Services (Shanghai) Co.,Ltd. ("Shanghai Brigantine")	Business entity	Shanghai	Shanghai	Container ship and its parts, mechanical repair, maintenance services	USD513,000	-	70.00%
44	Tianjin port free trade zone Kaichang oil marketing Co. Ltd ("Kaichang oil marketing")	Business entity	Tianjin	Tianjin	Sales of petroleum products, warehouse sales	RMB30,000,000	-	45.00%



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## 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
45	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	-	66.24%
46	Jiajing Technology Co., Ltd ("Jiajing Technology")	Business entity	Wuhu, Anhui	Wuhu, Anhui	Industrial design and new technology development mainly about automobile and its accessories	RMB10,000,000	-	66.24%
47	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	-	43.20%
48	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%
49	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	66.24%	-
50	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	-	66.24%
51	Liaoning Hashenleng Gas liquefaction equipment Co., Ltd ("Hashenleng")	Business entity	Liaoning	Liaoning	Natural gas liquefaction equipment, CBM liquefaction equipment; design, production and sales of relevant auxiliary equipment	RMB50,000,000	-	42.47%
52	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%
53	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%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

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

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

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

##### (ii) Overseas subsidiaries

No.	Name	Category	Registration Place	Main Premises	Business scope	Share capital issued and information of bonds	Shareholding percentage (%)	
							Direct	Indirect
54	CIMC Rolling Stock Australia Pty Ltd. ("CIMC Aus")	Business entity	Australia	Australia	Sales of vehicles	AUD 50,000	-	63.33%
55	Enric Energy Equipment Holdings Limited ("Enric")	Business entity	Cayman Islands	Cayman Islands	Investment holding	HKD1,935,627,088 HKD0.01 per share	-	70.79%
56	Burg Industries B.V.	Business entity	Holland	Holland	Investment holding	EUR 841,267	-	100.00%
57	Holvrieka Holding B.V.	Business entity	Holland	Holland	Investment holding	EUR 14,040,000	-	70.79%
58	Holvriekaldo B.V.	Business entity	Holland	Holland	Sales of tank equipment	EUR 136,200	-	70.79%
59	Holvrieka Nirota B.V.	Business entity	Holland	Holland	Production, assembly and sale of tank equipment	EUR 682,500	-	70.79%
60	Pteris Global Sdn. Bhd ("Pteris Global Sdn. Bhd")	Business entity	Malaysia	Malaysia	Sale service	MYR 8,000,000	-	78.14%
61	Noordkoel B.V.	Business entity	Holland	Holland	Sales of tank equipment	EUR 500,000	-	70.79%
62	Beheermaatschappij Burg B.V.	Business entity	Holland	Holland	Investment holding	EUR 123,155.95	-	100.00%
63	Burg Carrosserie B.V.	Business entity	Holland	Holland	Production of road transport vehicle	EUR 18,151,21	-	63.33%
64	Exploitatiemaatschappij Intraprogres B.V.	Business entity	Holland	Holland	Trade, financing and leasing of road transport vehicle	EUR 15,925	-	63.33%
65	Hobur Twente B.V.	Business entity	Holland	Holland	Production and sale of oil and components and parts	EUR 45,378.02	-	100.00%
66	Burg Service B.V.	Business entity	Holland	Holland	Assembly and repair of road transport vehicle and tank equipment	EUR 150,000	-	70.79%
67	LAG Trailers N.V.	Business entity	Belgium	Belgium	Manufacturing trailer	EUR 3,245,000	-	63.33%
68	Ziemann Holvrieka N.V.	Business entity	Belgium	Belgium	Production tank equipment	EUR 991,600	-	70.79%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## 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
69	Imm oburg N.V. Bree	Business entity	Belgium	Belgium	Production of road transport vehicles	EUR 248,000	-	63.33%
70	Ziemann Holvrieka A/S	Business entity	Denmark	Denmark	Production tank equipment	DKK 1,000,000	-	70.79%
71	Direct Chassis LLC ("DCEC")	Business entity	USA	USA	Manufacturing and sales of special vehicles	USD10,000,000	-	63.33%
72	CIMC TGE Gasinvestments SA ("TGESA")	Business entity	Luxembourg	Luxembourg	Investment holding	EUR 50,000	-	60.00%
73	TGE Gas Engineering GmbH ("TGE Gas")	Business entity	Germany	Germany	Provide EP+CS (Design, Purchase and Construction Supervision) or other technical project services in LNG, LPG and storage and disposal of other	EUR 1,000,000	-	60.00%
74	CIMC Raffles Offshore (Singapore) Limited ("Raffles")	Business entity	Singapore	Singapore	Production of various ship for offshore oil and gas, including jack-up drilling platforms, semi- submersible drilling Platforms, FPSOs, FSOs	SGD 594,416,915 and USD303,122,013	-	100.00%
75	CIMC Raffles Investments Limited	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD2	-	100.00%
76	CIMC Raffles Leasing Pte. Ltd.	Business entity	Singapore	Singapore	Leasing of marine ship	SGD 2	-	100.00%
77	Caspian Driller Pte. Ltd.	Business entity	Singapore	Singapore	Leasing of marine ship	USD30,000,000	-	100.00%
78	Technodyne International Limited ("Technodyne")	Business entity	United Kingdom	United Kingdom	Research and development of energy equipment	GBP 100	-	60.00%
79	Gadidae AB.	Business entity	Sweden	Sweden	Investment holding	SEK 1,000,000	-	100.00%
80	Perfect Victor Investments Limited ("Perfect Victor")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	USD1	-	100.00%
81	Ziemann International GmbH ("Ziemann Group")	Business entity	Germany	Germany	Design, production and sales of beer fermentation machine	EUR 16,000,000	-	70.79%

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### 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
82	Albert Ziegler GmbH ("Ziegler")	Business entity	Germany	Germany	Designation of Marine engineering	EUR 13,543,000	-	60.00%
83	Bassoe Technology AB ("Bassoe")	Business entity	Sweden	Sweden	Designation of Marine engineering	SEK 1,000,000	-	90.00%
84	CIMC MBS LIMITED ("CML")	Business entity	United Kingdom	United Kingdom	Module supply	GBP 3,884,303	-	100.00%
85	Zhenhua logistics (Hongkong) Co., Ltd. ("Zhenhua Hongkong")	Business entity	Hong Kong, China	Hong Kong, China	Logistics	USD6,600,000	-	75.00%
86	CIMC Australia Road Transport Equipment Pty Ltd ("CARTE")	Business entity	Australia	Australia	Investment holding	AUD 8,300,000	-	63.33%
87	Brigantine International Holdings Limited ("Brigantine International Holdings")	Business entity	Hong Kong, China	Hong Kong, China	Investment holding	HKD10,000,000	-	70.00%
88	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%
89	Pteris Global Ltd	Business entity	Singapore	Singapore	Investment holding	SPG322,947,152	-	78.14%
90	Verbus International Limited ("VIL")	Business entity	United Kingdom	United Kingdom	Investment holding	GBP1,108	-	100.00%
91	CIMC Developments Limited ("CDL")	Business entity	United Kingdom	United Kingdom	Project total package	GBP 1	-	100.00%
92	Verbus Systems Ltd ("VSL")	Business entity	United Kingdom	United Kingdom	Module supply	GBP 1	-	100.00%
93	Briggs Group Limited	Business entity	United Kingdom	United Kingdom	Beer, distillation, pharmaceutical, yeast, biofuels and other industries engineering design and some key equipment	GBP50,000	-	70.79%
94	Retlan Manufacturing Limited	Business entity	United Kingdom	United Kingdom	Production semi-trailer	692,041 ordinary £ 1 shares	-	63.33%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 1. Equity in subsidiaries (Continued)

## (4) Subsidiaries with significant minority interests

	Minority interests	Net Profit attribute to minority interests in 2016	Dividends distributed to minority interests in 2016	Grand total Minority Interests on 31 December 2016
Enric	29.21%	(278,542)	47,516	1,650,200

Core financial information of aforementioned significant but not wholly-owned subsidiaries are as follows:

	As at 31 December 2016					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	9,542,728	3,345,695	12,888,423	5,735,979	1,850,379	7,586,358

	As at 31 December 2015					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Enric	8,816,906	3,495,320	12,312,226	4,418,487	1,428,267	5,846,754

	2016			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Enric	7,968,403	(936,680)	(1,035,414)	1,079,743

	2015			
	Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Enric	8,241,333	536,213	489,011	664,747

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**VI. EQUITY IN OTHER ENTITIES (CONTINUED)****1. Equity in subsidiaries (Continued)****(5) Significant partial disposal of subsidiary equity in current year(not losing control)**

- (i) As at 18 February 2016, Shenzhen Electricity Commerce, the subsidiary of the Group, attracted the new strategic investor providing additional capital amounted RMB300,000,000; to get 27.45% equity interest of Shenzhen Electricity Commerce. The difference between the consideration and the share of identifiable net assets amounting to RMB215,848,000, was recorded in capital reserve.

**(6) The acquisition of significant minority interests in the current year**

- (i) As at 8 April 2016, Pteris, a subsidiary of the Group, issued additional 12,003,936 shares to Sharp Vision Holdings Limited (referred to as "Sharp Vision") and another minority shareholder, pursuant to the terms of the Conversion Act of Pteris in 2014 and Pteris Shares, of which Sharp Vision 8,402,756 shares issued to Sharp Vision. Upon completion of the acquisition, the Group's shareholding percentage in Pteris increased from 51.32% to 54.34%.

As at 21 April 2016, Sharp Vision, a wholly-owned subsidiary of the Group, commissioned DBS Bank Ltd. to issue a full voluntary unconditional cash offer on behalf of it on Singapore Exchange to acquire all of the issued shares of Pteris, which has not yet been held by Sharp Vision, at a price of SGD 0.74-0.85 per share. The offer completed as at 1 September 2016, purchasing 90,110,022 shares at a consideration of Hong Kong Dollar (HKD) 439,079,000 (equivalent to RMB393,109,000). After the completion of the acquisition, the Group's shareholding percentage in Pteris increase from 54.34% to 77.72%. As Pteris's public share was less than the requirements of the Singapore law, Pteris suspended the stock transaction as at 2 September 2016 and withdrew from the Singapore Exchange as at 7 September 2016. In December 2016, Sharp Vision purchased additional 1,628,544 shares with amount of HKD7,560,000 (equivalent to RMB6,426,000) from the minority shareholders at SGD 0.85 per share. The Group's shareholding percentage in Pteris increase from 77.72% to 78.14% after the completion of the acquisition.

The difference between the consideration of the acquisition and the shares of identifiable net assets amounting to 151,543,000, was recorded in the capital reserve.

- (ii) As at 18 November 2016, Windford Ventures Limited, a subsidiary of the Group, and Frigstad Deepwater Holding Limited, a minority shareholder, entered into an agreement to acquire a 25.10% stake in CIMC Bluewhale Rig Limited (formerly Frigstad Deepwater Limited, hereinafter referred to as "Bluewhale"). The consideration was USD213,629,000. Upon completion of the acquisition, Windpower Ventures Limited has a 100% shares on Bluewhale. The difference between the price and the share of the identifiable net assets of the subsidiary amounting to 141,055,000, was recorded in capital reserve.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 2. Equity in associates and joint ventures

## (1) Basic information of major associates and joint ventures

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

The equity mentioned above is measured by equity method.

## (2) Core financial information of major joint ventures

	NKY Zhenhua		Y&C Engine	
	31December 2016	31December 2015	31December 2016	31December 2015
Cash at bank and on hand	47,255	27,452	99,014	51,634
Other current assets	22,113	36,670	221,598	129,613
Total current assets	69,368	64,122	320,612	181,247
Total non-current assets	109,095	114,064	625,900	638,726
Total assets	178,463	178,186	946,512	819,973
Current liabilities	27,429	29,198	494,577	373,209
Non-current liabilities	3,129	1,265	60,382	59,102
Total liabilities	30,558	30,463	554,959	432,311

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 2. Equity in associates and joint ventures (Continued)

## (2) Core financial information of major joint ventures (Continued)

	NKY Zhenhua		Y&C Engine	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Minority shareholders' equity	–	–	–	–
Total equity attributable to shareholders of the Company	147,905	147,723	391,553	387,662
Share holding ratio	51.00%	51.00%	50.00%	50.00%
Net assets proportion calculated by shareholding ratio(i)	75,432	75,339	195,777	193,831
Carrying amount of equity investment in the joint ventures	75,432	75,339	195,777	193,831

	NKY Zhenhua		Y&C Engine	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Revenue	145,020	148,495	554,056	356,697
Financial cost	(526)	(309)	13,637	18,322
Income tax expenses	1,451	3,400	–	–
Net profit/(Loss)	3,675	9,846	3,891	(19,952)
Other comprehensive income	–	–	–	–
Total comprehensive income	3,675	9,846	3,891	(19,952)
Dividends received from the joint ventures this year	1,781	–	–	–

- (i) The group calculated the portion of assets by shareholding ratio, on the basis of the amount attributable to the Company in consolidated financial statements of the joint ventures. The amount in consolidated financial statements of joint ventures takes the fair value of assets and liabilities of the joint ventures, and the effects of the uniform accounting policies into consideration.



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 2. Equity in associates and joint ventures (Continued)

## (3) Core financial information of major associates

	LiHua Energy		Shanghai Fengyang		TSC		Jiahua Shipping		China Fire Safety		Shouzhong Investment	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Cash at bank and on hand	44,908	148,490	104,944	403,478	190,589	244,961	96,552	163	132,576	105,059	16,413	-
Other current assets	833,315	611,863	462,820	875,073	2,739,011	2,304,595	46,822	69,318	468,249	559,415	176,743	-
Total current assets	878,223	760,353	567,764	1,278,551	2,929,600	2,549,556	143,374	69,481	600,825	664,474	193,156	-
Total non-current assets	688,979	543,773	45,782	43,955	776,956	680,935	1,089,581	1,036,222	724,783	652,752	69,577	-
Total Assets	1,567,202	1,304,126	613,546	1,322,506	3,706,556	3,230,491	1,232,955	1,105,703	1,325,608	1,317,226	262,733	-
Current liabilities	702,131	579,571	354,154	524,870	1,949,175	1,635,610	152,448	1,511	241,436	310,639	1,010	-
Non-current liabilities	209,256	140,434	-	-	313,488	289,959	658,995	779,221	-	-	-	-
Total liabilities	911,387	720,005	354,154	524,870	2,262,663	1,925,569	811,443	780,732	241,436	310,639	1,010	-

	LiHua Energy		Shanghai Fengyang		TSC		Jiahua Shipping		China Fire Safety		Shouzhong Investment	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Minority shareholders' equity	-	-	-	-	13,182	21,202	-	-	-	-	-	-
Total equity attributable to shareholders of the Company	655,815	584,121	259,392	797,636	1,430,711	1,304,922	421,512	324,971	1,084,172	1,006,587	261,723	-
Adjustments according to fair value of net identifiable assets and Goodwill	-	-	1,085	1,085	155,764	155,764	-	-	533,410	533,410	-	-
Total equity attributable to shareholders of the company (adjusted)	655,815	584,121	260,477	798,721	1,586,475	1,460,686	421,512	324,971	1,617,582	1,539,997	261,723	-
Share holding ratio	15.58%	15.58%	40.00%	40.00%	13.42%	13.42%	30.00%	30.00%	30.00%	30.00%	45.00%	-
Net assets portion calculated by share holding ratio (i)	102,176	91,006	104,191	319,488	212,905	196,024	126,454	97,491	485,275	461,999	117,775	-
Carrying amount of equity investment in the associates	102,176	91,006	104,191	319,488	212,905	196,024	126,454	97,491	485,275	461,999	117,775	-
Fair value of investments on associates with public offer	-	-	-	-	92,144	114,290	-	-	300,995	410,044	-	-

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 2. Equity in associates and joint ventures (Continued)

## (3) Core financial information of major associates (Continued)

	LiHua Energy		Shanghai Fengyang		TSC		Jiahua Shipping		China Fire Safety		Shouzhong Investment	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Revenue	1,228,536	1,183,231	66,867	1,969,436	1,006,280	1,489,912	67,924	66,510.90	471,252	565,178	-	-
Net profit	72,160	26,522	11,758	519,525	30,147	115,227	96,543	12,757	30,427	30,444	(4,944)	-
Other comprehensive income	-	-	-	-	(1,507)	-	-	-	2,818	4,520	-	-
Total comprehensive income	72,160	26,522	11,758	519,525	28,640	115,227	96,543	12,757	33,245	34,964	(4,944)	-
Dividends received from the associates this year	-	(10,752)	(220,000)	-	-	-	-	-	-	-	-	-

- (i) The group calculated the portion of assets by shareholding ratio, on the basis of the amount attributable to the Company in consolidated financial statements of the associates. The amount in consolidated financial statements of associates takes the fair value of assets and liabilities of the associates, and the effects of the uniform accounting policies into consideration.

TSC is a company listed on the Stock Exchange of Hong Kong Limited, and its announcement day is late than CIMC's. After the Group's assessment, they consider TSC's operating results are not significant to the Group. So the TSC's operating results disclosed above is projected from its semi-annual report. And the Group will make adjustments based on its announcement in next year.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VI. EQUITY IN OTHER ENTITIES (CONTINUED)

## 2. Equity in associates and joint ventures (Continued)

## (4) Summary of information of insignificant associates and joint ventures

	2016	2015
Joint ventures:		
Total carrying amount of investments on 31 December 2016	229,293	123,619
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures:		
Net profit (i)	16,828	15,486
Other comprehensive income (i)	–	–
Total comprehensive income	16,828	15,486
Associates:		
Total carrying amount of investments on 31 December 2016	512,941	413,673
Sub-total amount of the following items calculated in the Group's equity proportion in joint ventures:		
Net Profit (i)	10,760	6,472
Other comprehensive income (i)	–	–
Total comprehensive income	10,760	6,472

(i) The amount of net profit and other comprehensive income takes the fair value of identifiable assets and liabilities, and the effects of the uniform accounting policies into consideration.

## (5) Excess deficit of associates and joint ventures

There are no excess deficit of associates or joint ventures in 2016.

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

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

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS**

1. The company does not have any holding company.
2. For the information on the subsidiaries of the company, refer to Note VI.1.
3. For the information about the joint ventures and associates of the Company, refer to Note VI.2.

In addition to the important the joint ventures and associates have been disclosed in to Note VI, the rest of joint ventures and associates are as follows:

	Main place of business	Registered Address	The nature of the business	The group activity is strategic	Shareholding percentage – direct	Shareholding percentage – indirect
Joint ventures -						
Guangxi Southern Logistic	Nanning	Nanning	Logistics service	No	–	50.00%
Associates -						
MSC	Cyprus	Cyprus	Marine related business	No	–	40.00%
Nantong New Atlantic Forest Industry Ltd.. (“Nantong New Atlantic”)	Nantong	Nantong	Environmental protection board service	No	–	20.00%
Xuzhou Wood	Xuzhou	Xuzhou	Wood	No	–	35.00%
Ningxia Changming	Ningxia	Ningxia	Gas liquefaction	No	–	29.00%
Run Yu Real Estate	Zhenjiang	Zhenjiang	Real estate	No	–	16.40%
Zhongyi Xinwei	Sichuan	Sichuan	Energy service	No	–	12.50%
Qingchen Bamboo	Fujian	Fujian	Bamboo wood	No	–	30.00%
Ningguo Guangshen	Anhui	Anhui	Bamboo wood	No	–	30.00%
Xinyang Wood Industry	Hongkong	Hongkong	Wood	No	–	20.00%
Senjv Shanghai	Shanghai	Shanghai	Commercial company	No	–	30.00%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 4. Information of other related parties

Company name	Relationship with the Group
SUMITOMO CORPORATION	Minority shareholder of subsidiary
Shanxi Heavy Duty Automobile	Minority shareholder of subsidiary
Orient International	Subsidiary of significant shareholder
FML	Subsidiary of significant shareholder
Gasfin	Minority shareholder of subsidiary
FCC	Subsidiary of significant shareholder
China Merchants Property Development Co.Ltd	Subsidiary of significant shareholder
Wuhu Tairui	Minority shareholder of subsidiary
Asahi Trading Co., Ltd	Minority shareholder of subsidiary
Beijing Bo Wei Aviation Facilities Management Co., Ltd	Minority shareholder of subsidiary
Shunde Furi	Minority shareholder of subsidiary
Inland Services B.V.(Netherlands)	Minority shareholder of subsidiary
Tianjin Port International Logistics Development Co., Ltd.	Minority shareholder of subsidiary
Oriental International Container (Jinzhou) Limited	Subsidiary of significant shareholder
COSCO Container Industries Limited ("COSCO")	Significant shareholder

Note: Significant shareholders represent shareholders holding more than 5% (inclusive) of the Company's shares.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****5. Related party transactions**

The following transactions with related parties were conducted under normal commercial terms or relevant agreements.

**(1) Purchase of goods and receiving of services****The Group**

Name	Nature of the transaction	2016 Amount	2015 Amount
Y&C Engine	Purchase of goods	301,945	524,618
Shanxi Heavy Duty Automobile	Purchase of goods	101,317	41,817
Senjv Shanghai	Purchase of goods	76,521	–
Ningguo Guangshen	Purchase of goods	67,117	–
Xuzhou Wood	Purchase of goods	65,225	169,056
TSC	Purchase of goods	53,877	278,051
Qingchen Bamboo	Purchase of goods	42,536	–
Asahi Trading Co., Ltd	Purchase of goods	19,117	51,187
SUMITOMO CORPORATION	Purchase of goods	13,670	13,396
Other related parties	Purchase of goods	20,440	19,507
Sub-total	Purchase of goods	761,765	1,097,632
Other related parties	Receiving of services	7,369	735

**The Company**

Emoluments of the directors, supervisor and senior management of the Company refer to VIII.5(4).

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (2) Sales of goods and rendering of services

## The Group

Name	Nature of the transaction	2016 Amount	2015 Amount
Shanxi Heavy Duty Automobile	Sales of goods	247,240	144,062
SUMITOMO CORPORATION	Sales of goods	159,688	188,413
FML	Sales of goods	124,800	835,084
Orient International	Sales of goods	42,518	–
FCC	Sales of goods	22,700	158,007
Oriental International Container (Jinzhou) Limited	Sales of goods	19,454	–
Ningxia Changming	Sales of goods	8,645	–
Guangxi Southern Logistic	Sales of goods	8,359	13
NYK Zhenhua	Sales of goods	228	9,171
COSCO	Sales of goods	–	137
Other related parties	Sales of goods	27,777	13,493
Sub-total	Sales of goods	661,409	1,348,380
Other related parties	Rendering of services	31,404	21,908

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

##### 5. Related party transactions(Continued)

###### (3) Financing

###### The Group

Name	Amount	Starting date	Ending date	Interest income earned/ interest expense recognised in 2016	Note
<b>Financing received</b>					
Shunde Furi	56,794	12 April 2012	Repayment date not fixed	–	Loans for shareholder operation
Gasfin	46,990	19 September 2008	Repayment date not fixed	1,739	Shareholder loans
Other related parties	–			59	
	103,784				
<b>Financing provided</b>					
Run Yu Real Estate	824,391	31 December 2012	Repayment date not fixed	9,830	Shareholder loans
Shanghai Fengyang	34,204	25 December 2007	Repayment date not fixed	–	Shareholder loans
Nantong New Atlantic	10,629	5 January 2016, 26 February 2016, 31 March 2016	5 January 2017, 26 February 2017, 31 March 2017	1,223	Loans for shareholder operation
Xinyang Wood Industry	4,361	20 June 2006	Repayment date not fixed	–	Shareholder loans
Other related parties	–			454	
	873,585				



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions(Continued)

## (4) Other related party transactions

- (i) The Company adopted a new share options scheme since 28 September 2010 (see Note IX). Details of unexercised share options granted to key management personnel as at 31 December 2016 are as follows:

Name	Position	Number of granted share options (in'0000)
Mai Boliang	President, Chairman	285
Wu Fapei	Vice Chairman	75
Li Yinhui	Vice Chairman	75
Yu Ya	Vice Chairman	65
Liu Xuebin	Vice Chairman	99.7
Zhang Baoqing	Vice Chairman	75
Gao Xiang	Vice Chairman	37.5
Jin Jianlong	General Manager of Finance Department	64
Yu Yuqun	Secretary of the Board	75
Total		851.2

Some key management personnel were not only granted the above share options of the Company but also were granted share options of Enric, the subsidiary of the Company. Details of unexercised share options granted to key management personnel as at 31 December 2016 are as follows:

Name	Position	Number of granted share options (in'0000)
Wu Fapei	Vice Chairman	50
Yu Ya	Vice Chairman	25
Gao Xiang	Vice Chairman	190
Jin Jianlong	General Manager of Finance Department	140
Yu Yuqun	Secretary of the Board	129.8
Total		534.8

Note: As at 28 March 2016, Ms. Zeng Beihua, the executive of the Company, left office. As at 31 December 2016, Mr. Zhao still had 700,000 options of the Company and 3,000,000 options of Enric unexercised.

For detailed information for fair value of the granted share options aforesaid, please refer to Note IX

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (4) Other related party transactions (Continued)

(ii) *Emoluments of the directors, supervisor and senior management of the Company*

Directors' and key management personnel's emoluments for the year ended 31 December 2016 are as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
<b>Directors</b>							
Wang Hong		-	-	-	-	-	
Zhang Liang	Note (i)	-	-	-	-	-	
Wang Yuhang	Note (ii)	-	-	-	-	-	
Mai Boliang		-	2,660	64	2,805	444	5,973
Wu Shuxiong	Note (i)	-	-	-	-	-	
Wang Zhixian	Note (iii)	-	-	-	-	-	
Liu Chong	Note (ii)	-	-	-	-	-	
Pan Chengwei		200	-	-	-	-	200
Wang Guixun		200	-	-	-	-	200
Li Kejun	Note (i)	-	-	-	-	-	
Pan Zhengqi	Note (ii)	200	-	-	-	-	200
Sub-total		600	2,660	64	2,805	444	6,573

Note (i): As at 31 May 2016, approved by Shareholders' General Meeting in 2015, Mr. Zhang Liang, Mr. Wu Shuxiong and Mr. Li Kejun left the office due to the expiration of the term of office.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (4) Other related party transactions (Continued)

(ii) *Emoluments of the directors, supervisor and senior management of the Company (Continued)*

Directors' and key management personnel's emoluments for the year ended 31 December 2016 are as follows (Continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Supervisors</b>						
He Jiale	Note (iii)	-	-	-	-	-
Xiong Bo		-	236	39	54	341
Lin Liuwu	Note (iii),(iv)	-	-	-	-	-
Zhang Mingwen	Note (iii)	-	-	-	-	-
Lv Shengzhou	Note (iv)	-	-	-	-	-
Sub-total		-	236	39	54	341

Note (ii): As at May 2016, approved by Shareholders' General Meeting in 2015, Mr. Wang Yuhang Zhixian was recommended by the board of directors as the vice chairman of the eighth board of directors and non-executive director, Mr. Liu Chong was appointed as the non-executive director of the eighth board of directors and Mr. Pan Zhengqi was appointed as an independent non-executive director of the eighth board of directors.

Note (iii): As at 31 May 2016, approved by shareholders' general meeting in 2015, Mr. Wang Zhixian and Mr. He Jiale was expired as a supervisor, Mr. Wang Zhixian was recommended by the board of directors as the non-executive director of the eighth board of directors while Mr. Lin Liuwu and Mr. Zhang Mingwen was recommended by the board of supervisors as the supervisor on behalf of shareholders for the eighth board of supervisors.

Note (iv): As at 20 December 2016, approved by 2016 first extraordinary general meeting, Mr. Lin Liuwu resigned due to job alteration while Mr. Lv Shengzhou was appointed as the supervisor on behalf of shareholders for the company's eighth board of supervisors.

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

##### 5. Related party transactions (Continued)

###### (4) Other related party transactions (Continued)

###### (ii) *Emoluments of the directors, supervisor and senior management of the Company (Continued)*

Directors' and key management personnel's emoluments for the year ended 31 December 2016 are as follows (Continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Other Senior Executives</b>						
Wu Fapei	–	1,325	107	1,220	31	2,683
Li Yinhui	–	886	105	1,130	31	2,152
Liu Xuebin	–	1,379	107	1,220	31	2,737
Zhang Baoqing	–	1,325	92	1,220	25	2,662
Yu Ya	–	864	–	1,220	–	2,084
Gao Xiang	–	1,439	89	620	22	2,170
Jin Jianlong	–	1,325	–	1,140	–	2,465
Zeng Beihua	Note (v)	–	–	–	–	–
Yang Rong	Note (v)	–	71	660	31	1,775
Yu Yuqun	–	1,444	64	1,100	31	2,639
Sub-total	–	11,000	635	9,530	202	21,367
Total	600	13,896	738	12,389	658	28,281

Note (v): Approved by the second meeting in 2016 of the seventh board of directors, Ms. Zheng Beihua left company and Ms. Yang Rong was appointed as the general manager of treasury department.

The five individuals who received the highest are included aforesaid in 2016.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

5. Related party transactions (Continued)

(4) Other related party transactions (Continued)

(ii) Emoluments of the directors, supervisor and senior management of the Company (Continued)

Directors' and key management personnel's emoluments for the year ended 31 December 2015 are as follows:

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total	
		Salary and allowance	Pension	Bonus	Others		
<b>Directors</b>							
Li Jianhong	Note (i)	-	-	-	-	-	
Zhang Liang		-	-	-	-	-	
Wang Hong		-	-	-	-	-	
Mai Boliang		-	3,022	44	3,280	27	6,373
Wu Shuxiong		-	-	-	-	-	-
Wang guixun		200	-	-	-	-	200
Li Kejun		200	-	-	-	-	200
Pan Chengwei		200	-	-	-	-	200
Sub-total		600	3,022	44	3,280	27	6,973

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (4) Other related party transactions (Continued)

(ii) *Emoluments of the directors, supervisor and senior management of the Company (Continued)*

Directors' and key management personnel's emoluments for the year ended 31 December 2015 are as follows (Continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Total
		Salary and allowance	Pension	Bonus	Others	
<b>Supervisors</b>						
Wang Zhixian	Note (ii)	-	-	-	-	-
Huang Qianru	Note (ii)	-	-	-	-	-
He Jiale		-	-	-	-	-
Xiong Bo		-	218	33	54	11
Sub-total		-	218	33	54	11

Note (i): As at 24 December 2015, Mr. Li Jianhong resigned his positions as the chairman, directors and all other positions in professional committees of directorate due to work arrangement.

Note (ii): As at February 2015, Ms. Huang Qianru resigned from the position of supervisor due to job alteration. Mr. Wang Zhixian was recommended by the board of supervisors as the supervisor on behalf of shareholders for the seventh board of supervisors.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

## 5. Related party transactions (Continued)

## (4) Other related party transactions (Continued)

(ii) *Emoluments of the directors, supervisor and senior management of the Company (Continued)*

Directors' and key management personnel's emoluments for the year ended 31 December 2015 are as follows (Continued):

Name	Remuneration	Emoluments for other management service of the Company or subsidiaries				Housing allowance	
		Salary and allowance	Pension	Bonus	Sign-off bonus		
<b>Other Senior Executives</b>							
Zhao Qingsheng	Note (iii)	–	1,260	–	2,460	–	3,720
Wu Fapei		–	1,261	77	1,900	27	3,265
Li Yinhui		–	901	75	1,620	27	2,623
Liu Xuebin		–	1,375	77	1,504	27	2,983
Zhang Baoqing		–	1,319	75	1,780	27	3,201
Yu Ya		–	1,378	13	2,800	8	4,199
Gao Xiang		–	1,068	64	1,705	16	2,853
Jin Jianlong		–	1,204	–	1,860	–	3,064
Zeng Beihua		–	1,215	–	2,460	–	3,675
Yu Yuqun		–	1,405	44	2,050	27	3,526
Sub-total		–	12,386	425	20,139	159	33,109
Total		600	15,626	502	23,473	197	40,398

Note (iii): Approved by the fourth meeting in 2015 of the seventh board of directors, Mr. Zhao Qingsheng left the Company due to the expiration of the term of office.

The five individuals who received the highest are included aforesaid in 2015.

Other benefits mainly consists of housing funds, pensions, medical insurance, etc.

(iii) *Termination benefits for directors*

In 2016, there was no compensation for directors with terminated appointment from the Company and the subsidiaries. (2015: Nil).

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**VIII. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)****5. Related party transactions (Continued)****(4) Other related party transactions (Continued)****(iv) Consideration paid to third parties for service of directors**

In 2016, there was no consideration paid to third parties for service of directors (2015: Nil).

**(v) Loans, quasi-loans offered and other transactions with directors, legal entities controlled by directors and their related persons**

As at 31 December 2016, there were no loans, quasi-loans and guarantees offered to directors, legal entities controlled by directors and their related persons (31 December 2015: Nil).

**(vi) Significant interest of directors in transactions, arrangement and contracts.**

In 2016, the Company did not enter into any agreement that related to the business of the Group, in which the directors have significant interest in transactions, arrangement and contracts directly or indirectly (2015: Nil).

**6. Receivables due from and payables due to related parties**

Refer to Note IV.4 for details of accounts receivable.

Refer to Note IV.5 for details of other receivables.

Refer to Note IV.6 for details of advance to suppliers.

Refer to Note IV.9 for details of current portion of non-current assets.

Refer to Note IV.12 for details of long-term receivables.

Refer to Note IV.22 for details of other non-current assets.

Refer to Note IV.28 for details of accounts payable.

Refer to Note IV.34 for details of other payables.

Refer to Note IV.29 for advance from customers.

**7. Commitments in relation to related parties**

As at 31 December 2016, there are no commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group.



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IX. SHARE-BASED PAYMENTS

## 1. Information about share-based payments

Total equity instruments granted during the year	The total number of share options granted by the Company and Enric was 0 this year.
Total equity instruments exercised during the year	The number of exercised share options granted by the Company and Enric were 757,000 and 1,211,000 respectively this year.
Total equity instruments forfeited during the year	The Company has no ineffective or obsolete equity instruments and the number of share options forfeited in Enric was 1,816,000 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"> <li>Equity-settled share options granted by Enric in 2009, 2011 and 2014: HKD4, HKD2.48 and HKD11.24 per share respectively, the residual life of contract is 2.80, 4.82 and 7.43 years respectively;</li> <li>Equity-settled share options granted by the Company in 2010 and 2011: RMB10.55 (after adjustment) and RMB16.08 per share respectively (after adjustment), the residual life of contracts is both 3.74 years.</li> </ol>
The price of other outstanding equity instruments at the end of the year and residual life of relevant contracts	Nil

Expenses recognised for the year arising from share-based payments are as follows

	2016	2015
Equity-settled share-based payment	32,384	62,370

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### IX. SHARE-BASED PAYMENTS (CONTINUED)

#### 2. Information on equity-settled share-based payment

##### (1) Information on equity-settled share-based payment of Enric

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan I"), which was approved by the shareholders' meeting on 11 November 2009. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 50% exercisable after one year from the date of grant and are then 100% exercisable after two years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 43,750,000, with the exercise price of HKD4 per share.

Enric carried out another share options plan (the "Plan II"), which was approved by the shareholders' meeting on 28 October 2011. According to Plan II, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after one year from the date of grant and, 70% exercisable after 2 years from the date of grant, and then 100% exercisable after 3 years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,200,000, with exercise price of HKD2.48 per share.

Enric, a subsidiary of the Company, carried out a share options plan (the "Plan III"), which was approved by the shareholders' meeting on 5 June 2014. According to the Plan, the key management personnel and other employees in Enric were granted share options of Enric at nil consideration to subscribe for shares of Enric. The options are 40% exercisable after two years from the date of grant, 70% exercisable after three years from the date of grant and 100% exercisable after four years from the date of grant. Each option gives the holder the right to subscribe for one ordinary share in Enric. The total number of share options granted was 38,420,000, with the exercise price of HKD11.24 per share.

Movement of share options of Enric:

	2016 '000	2015 '000
Beginning balance	86,599	90,863
Granted in current period	–	–
Exercised in current period	(1,211)	(4,144)
Cancelled in current period	(1,776)	(120)
Forfeited in current period	(40)	–
Ending balance	83,572	86,599

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**IX. SHARE-BASED PAYMENTS (CONTINUED)****2. Information on equity-settled share-based payment (Continued)****(2) Information on equity-settled share-based payment of the Company**

A share options scheme (the "Scheme") was approved in the shareholders' meeting of the Company held on 28 September 2010. According to the Scheme, the board of directors of the Company was authorised to grant share options to the key management personnel and other employees to subscribe for the shares of the Company. The effective period of the Scheme is ten years from the first grant date of share options. The options are exercisable in two periods. The options are 25% exercisable from the first transaction date after 24 months since the grant date to the last transaction date after 48 months since grant date. The remaining 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme. Each option gives the holder the right to subscribe for one ordinary share in the Company. In addition, the holder must simultaneously satisfy all the conditions as follows:

- (a) The holder should pass the previous year's evaluation.
- (b) The increase of net profit attributable to ordinary shareholders of the Company after deducting nonrecurring profit or loss should not be lower than the 6% and the average return on net assets after deducting non-recurring profit or loss should not be lower than 10% for the previous year of the exercise date.
- (c) During the waiting period, the net profit attributable to ordinary shareholders of the Company and the net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss should not be lower than the average figures of the three fiscal years before the grant day or negative.

The total number of share options granted was 60,000,000, 54,000,000 among which were for the initial grant with exercise price of 12.39 per share while the remaining 6,000,000 options were for reservation.

The Company distributed a cash dividend of 0.35 per share, 0.46 per share, 0.23 per share, 0.27, 0.31 and 0.22 per share as at 31 May 2011, 21 June 2012, 28 June 2013, 27 June 2014, 29 July 2015 and 20 July 2016 respectively to ordinary shareholders. In accordance with the Scheme, upon the implementation of the annual dividend distribution plan for 2010, 2011, 2012, 2013, 2014 and 2015, the Board of Directors adjusted the exercise price of the aforementioned 54,000,000 share options granted on 28 September 2010. After the adjustment, the exercise price is 10.55 per share.

According to the resolution approved by the shareholders' meeting on 22 September 2011, the aforementioned 6,000,000 share options for reservation in the Scheme on 28 September 2010 were granted with exercise price of 17.57 per share. With the implementation of annual dividend distribution plan for 2011, 2012, 2013, 2014 and 2015 to ordinary shareholders with cash dividend of 0.46, 0.23, 0.27, 0.31 and 0.22 respectively, the exercise price for the reserved share options was adjusted to 16.08 per share.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IX. SHARE-BASED PAYMENTS (CONTINUED)

## 2. Information on equity-settled share-based payment (Continued)

## (2) Information on equity-settled share-based payment of the Company (Continued)

Movement of share options of the Company:

	2016 '000	2015 '000
Beginning balance	25,986	46,259
Exercised in current period	(757)	(19,095)
Cancelled in current year	–	(1,103)
Forfeited in current year	–	(75)
Ending balance	25,229	25,986

## (3) Basis of the best estimate of the number of equity instruments expected to vest is as follows:

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

There was no significant difference of estimation between current year and last year.

As at 31 December 2016, Accumulated amount recognised in capital reserve for equity-settled share-based payments	420,004
Total expenses recognised for equity-settled share-based payments for current year	–
Including: – attributed to the Company	–
– attributed to Enric	32,384
	32,384

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## IX. SHARE-BASED PAYMENTS (CONTINUED)

## 3. Information on cash-settled share-based payment

According to the approved Share Appreciation Rights Scheme (draft) Revised ("Scheme") during the board meeting of Raffles held on 27 September 2011, a subsidiary of the Group, Raffles adopted Share Appreciation Rights ("SARs") which is to grant the relevant incentive recipients the right to receive incentive amount in cash from Raffles upon the satisfaction of relevant financial performance of Raffles. Incentive amount is the excess of fair market price of A share of the Company on a particular date over the exercise price.

The scope of incentive recipients of this scheme: the appointed senior management who is non-Chinese nationality of Raffles and its subsidiaries or associates as well as person(s) who made special contribution to Raffles in the discretion of the board of directors. There are 4 incentive recipients in the scope with total 760,000 SARs granted.

The Scheme is conditional, which sets stipulations for appraisal result of incentive recipients' performance, misconduct activity and financial performance standards of the Group to fulfil.

The SARs are exercisable in 2 instalment periods after 2 years from the right-grant date upon the satisfaction of exercisable conditions:

- (1) The SARs are up to 25% exercisable from the first transaction date after 24 months since grant date to the last transaction date after 48 months since grant date.
- (2) The remaining SARs up to 75% are exercisable from the first transaction date after 48 months since grant date to the last transaction date of the Scheme.

Raffles will write off the unexercised SARs after each exercise period expires if the SARs being requested for exercise by the grantee satisfying exercise conditions is less than the number of effective SARs during each period.

Raffles will write off unexercised SARs, which was granted but invalid due to un-satisfaction of the exercise condition during the exercise period, after each period expires.

As at 31 December 2016, the amount of accumulated liabilities to cash-settled share-based payment was nil, and the expenses recognised for cash-settle share-based payment was nil for year 2015.

The movement of cash-settled share options:

	2016	2015
Beginning balance	–	150,000
Cancelled in current period	–	(150,000)
Ending balance	–	–

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**X. CONTINGENCIES****1. Contingent liabilities**

CIMC Raffles, a subsidiary of the Company entered into vessels construction contracts and vessel leasing contracts with relevant purchasers, which involve terms of compensation for delivery postponement and termination. The management of Raffles expected the risk of delivery postponement is high which will incur the compensation, therefore the management decided to accrue a provision amounted USD3,650,000 (equivalent to RMB25,320,000)(31 December 2015:USD8,225,000 (equivalent to RMB53,410,000)) in accordance with both the daily compensation amount written in the contracts and the expected postponed days with highest chance. Also, CIMC Raffles entered into the terms of the warranty agreement with the owner in the construction of the drilling platform. As at 31 December 2016, the balance of the premium pledged for the delivery of the project was USD5,964,000 (equivalent to RMB38,150,000) (31 December 2015: Nil).

YZTH, a subsidiary of the Company 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 for YZTH to repay the loans for the clients, therefore they decided to accrue a provision amounted 19,778,000 (31 December 2015: 26,530,000).

**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 31 December 2016, the amount guaranteed by Raffles was about 382,000,000 (31 December 2015: 477,500,000).

CIMC Vehicle (Group), a subsidiary of the Group, signed contracts with China Merchants Bank, China Everbright Bank, China Construction Bank, Bank of Communications, Bank of China and CIMC Finance Company, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of CIMC Vehicle (Group) and its subsidiaries arising from purchase of vehicle products. As at 31 December 2016, the aggregate amount of credit facilities in respect of which CIMC Vehicle (Group) and its subsidiaries provided guarantees to the distributors and customers was 1,031,416,000 (31 December 2015: 809,315,000).

CIMC Tianyu, subsidiaries of the Group, provided guarantees to purchasers of commodity homes by the way of secured loans. The amount of guarantees provided by the Group was 733,443,000 as at 31 December 2016 (31 December 2015: 537,417,000).

C&C Trucks and its subsidiaries signed contracts with external banks, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of C&C Trucks and its subsidiaries arising from purchase of vehicle products. As at 31 December 2016, the aggregate amount of credit facilities in respect of which C&C Trucks and its subsidiaries provided guarantees to the distributors and customers was 386,879,000 (31 December 2015: Nil).

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**X. CONTINGENCIES (CONTINUED)****3. Notes payable issued but not accounted for, outstanding letter of credit issued but undue and outstanding performance guarantees**

The Group does not recognise bills payable or letter of credit issued as deposits. Corresponding inventories, advance to suppliers and notes payable are recognised at the earlier of the date of delivery of goods and the maturity date of the bills issued. As at 31 December 2016, the Group had bills issued but not accounted for 935,125,000 and outstanding letters of credit 207,888,000, totalling 1,143,013,000 (31 December 2015: 1,022,074,000).

As at 31 December 2016, the Company had outstanding balance of guarantees for its subsidiaries 915,000,000 and USD20,000,000 (equivalent to RMB138,740,000) respectively, totalling 1,053,740,000.

As at 31 December 2016, CIMC Raffles had outstanding balance of guarantees issued by relevant banks totalling USD130,565,000 (equivalent to RMB905,730,000), of which the balance of advance payment guarantees, quality guarantees and performance guarantees were USD106,120,000 (equivalent to RMB736,154,000), USD21,753,000 (equivalent to RMB150,904,000) and USD2,692,000 (equivalent to RMB18,672,124) respectively (31 December 2015: 986,776,000).

As at 31 December 2016, CIMC Enric had outstanding balance of guarantees issued by relevant banks totalling 779,018,000, of which the balance of performance and advance payment guarantees were 420,801,000, the balance of advance prepayment guarantees were 358,177,000 (31 December 2015: 777,036,000).

As at 31 December 2016, CIMCSV had outstanding balance of guarantees issued by relevant banks totalling 442,000 (31 December 2015: Nil).

As at 31 December 2016, TLC, the subsidiary of the group, had outstanding balance of guarantees issued by relevant banks totalling 2,844,000, of which the balance of performance guarantees and bidding guarantees were 798,000 and 2,046,000, respectively (31 December 2015: Nil).

As at 31 December 2016, QDCRC, the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling 10,478,000 (31 December 2015: Nil).

As at 31 December 2016, TAS had outstanding balance of guarantees issued by relevant banks totalling 682,818,000, of which the balance of performance guarantees, quality guarantees, bid guarantees, payment guarantees were 372,613,000, 39,587,000, 22,867,000 and 247,751,000 respectively (31 December 2015: 625,391,000).

As at 31 December 2016, CIMC Finance Company, the subsidiary of the Group, had outstanding balance of guarantees for the subsidiary of the Group, of which the balance of performance guarantees, quality guarantees, margin guarantees and payment guarantees were 17,488,000, 1,708,000, 7,200,000 and 2,000,000 respectively, totalling 28,396,000 (31 December 2015: Nil).

As at 31 December 2016, Zhenhua Logistics Group, the subsidiary of the Group, had outstanding balance of performance guarantees issued by relevant banks totalling 42,125,000 (31 December 2015: Nil).

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**X. CONTINGENCIES (CONTINUED)****4. Significant pending litigations**

CIMC Raffles, a subsidiary of the Company entered into drilling platform construction contracts, and the platform had been delivered to the purchasers in 2015. The purchasers believed that the deliverables cannot fulfill the technical requirements written in the construction contract, hence they asked Raffles to pay them compensation amounted to USD2,000,000. As at audited report date, the final result of the litigation has not been reached. The management team of Raffles expected there is high risk to pay the compensation, hence they decided to accrue a provision valued USD2,000,000 (equivalent to RMB13,874,000) in 2016 (31 December 2015: 12,987,000).

**XI. COMMITMENTS****1. Significant commitments****(1) Capital commitments**

	2016	2015
Significant fixed assets purchase contracts entered into under performance or preparation of performance	108,730	10,657
Investment contracts entered into but not performed or performed partially	129,423	556,006
Significant contracts entered into for Ships to be manufactured for sales or lease	179,633	383,489
External investment approved by the Board of Directors	–	10,029
<b>Total</b>	<b>417,786</b>	<b>960,181</b>

Capital commitments authorised by the management but are not yet contracted for:

	31 December 2016	31 December 2015
Buildings, machinery and equipment	–	10,029

**(2) Operating lease commitments**

The future minimum lease payments due under the signed irrevocable operating leases contracts at the year end are summarised as follows:

	2016	2015
Within 1 year (inclusive)	45,683	45,565
Over 1 year but within 2 years (inclusive)	26,155	32,499
Over 2 years but within 3 years (inclusive)	20,690	20,454
Over 3 years	49,420	70,025
<b>Total</b>	<b>141,948</b>	<b>168,543</b>

Operating lease recognised as expenses in 2016 amounted to 88,124,000 (2015: 67,996,000).



## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**XII. EVENTS AFTER THE BALANCE SHEET DATE****1. Dividend distribution after the balance sheet date**

Dividend proposed (Note (1))	179,887
------------------------------	---------

**(1) Dividend for ordinary shares proposed after the balance sheet date**

Board of directors proposed to distribute cash dividend of 0.06 per share to ordinary shareholders of the Company on 27 March 2017, totaling at 179,887,000 based on the shares on 31 December 2016 (2015: 0.22 per share, totaling at 655,120,000). The proposal is pending for approval of the Shareholders Meeting. The dividend distribution plan is subjected to the shares on the date of record. The cash dividend proposed after the balance sheet date had not been recognised as a liability at the balance sheet date.

**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.

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### XIII. SEGMENT REPORTING (CONTINUED)

##### 1. Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(loss), assets and liabilities is set out as follows:

Item	Energy and										Elimination between segments	Total
	Containers	Road transportation vehicles	chemistry & food equipment	Offshore business	Airport facilities	Logistic services	Finance	Property development	Heavy trucks	Others		
	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
External transaction	10,521,948	14,462,631	9,093,044	459,747	3,213,229	7,081,494	2,302,412	895,106	1,641,820	1,440,221	-	51,111,652
Inter segment transaction	545,051	232,051	260,742	3,845,883	-	47,962	-	(172,016)	83,946	779,355	(5,622,974)	-
Cost of sales from main operations	9,672,008	11,838,314	7,414,373	3,809,783	2,496,377	6,300,173	1,012,075	379,143	1,685,239	1,930,739	(5,519,215)	41,019,009
Investment income/(loss) in joint ventures and associates	(998)	(3,107)	(2,070)	-	14,585	61,632	17,403	4,703	1,946	(6,828)	-	87,266
Impairment loss for the year	18,016	152,894	1,464,867	(19,232)	22,025	43,998	292,880	(135)	94,583	1,003	18,735	2,089,634
Depreciation and amortisation expenses	417,648	275,135	282,341	342,384	125,851	118,727	189,279	12,280	134,951	293,234	-	2,191,830
Interest income	157,579	67,766	51,424	96,384	2,101	12,121	213,585	33,639	2,686	1,185,665	(1,680,615)	142,335
Interest expenses	31,240	90,022	72,028	331,438	18,845	37,326	144,493	16,363	93,606	1,172,147	(1,105,650)	901,858
Segment operating profit/(loss)	489,836	1,028,130	(736,026)	(206,377)	156,989	503,603	913,964	190,217	(354,182)	203,537	(487,640)	1,702,051
Income tax expenses	126,347	261,317	157,081	6,247	25,986	144,177	90,311	36,424	(29,492)	111,035	37,635	967,068
Net profit/(loss)	363,489	766,813	(893,107)	(212,624)	131,003	359,426	823,653	153,793	(324,690)	92,502	(525,275)	734,983
Segment total assets	16,678,921	14,944,863	13,548,051	32,691,493	3,718,616	4,633,572	36,497,514	3,172,175	4,289,499	39,707,987	(45,267,943)	124,614,748
Segment total liabilities	8,597,535	7,735,967	9,120,841	30,739,199	2,288,967	3,275,908	29,345,686	1,571,309	3,874,014	43,797,506	(54,866,976)	85,479,956
Supplementary information:												
- Segment expenditures/(income) other than depreciation and amortisation	(250,332)	49,470	1,396,933	88,898	16,051	48,348	296,255	(155)	92,132	(667,427)	230,504	1,300,677
- Long-term equity investment of joint ventures and associates	30,129	105,392	10,387	33,288	485,275	509,225	396,362	104,192	196,155	291,814	-	2,162,219
- Segment expenditures raising from additions of non-current assets	911,137	1,715,136	323,296	427,645	262,359	239,856	1,777,109	74,813	62,455	720,965	2,294,042	8,808,813

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIII. SEGMENT REPORTING (CONTINUED)

## 1. Segment profits, losses, assets and liabilities (Continued)

Information to be disclosed on each of the Group's reportable segment (including management's periodically reviewed information and disclosure required by accounting standard) that the Group uses in measuring segments' profit/(loss), assets and liabilities is set out as follows: (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	Unallocated items	Total
	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
External transaction	20,539,598	12,712,235	8,811,757	1,603,513	2,819,980	7,680,472	1,791,929	1,103,606	750,970	871,744	-	-	58,685,804
Inter segment transaction	531,571	149,324	493,324	6,353,445	-	119,526	-	188,272	105,489	282,026	(8,222,977)	-	-
Cost of sales from main operations	17,265,511	10,176,577	7,395,342	7,221,814	2,173,699	7,048,656	620,569	839,871	895,947	931,828	(7,171,092)	-	47,398,722
Investment income/(loss) in joint ventures and associates	(1,007)	1,723	678	-	-	29,112	11,988	207,810	(9,976)	(758)	-	2,079	241,649
Impairment loss for the year	42,293	98,527	24,624	4,963	8,500	38,008	289,891	855	54,815	1,888	(11,307)	(1,887)	551,170
Depreciation and amortisation expenses	390,027	247,384	219,289	270,902	167,700	165,958	202,007	16,283	132,717	6,055	-	62,509	1,880,831
Interest income	265,045	53,313	35,492	157,267	1,673	10,961	189,358	18,515	6,635	847,075	(1,539,304)	26,353	72,383
Interest expenses	83,090	92,167	65,380	224,619	22,148	59,372	109,982	29,655	117,728	38,536	(1,281,470)	936,453	497,660
Segment operating profit/(loss)	1,319,307	737,229	642,593	13,837	63,395	145,620	802,749	390,761	(328,611)	(166,615)	(119,859)	(197,936)	3,302,470
Income tax expenses	323,234	164,848	167,470	25,708	1,079	44,637	29,050	50,988	76,166	25,245	(13,836)	57,236	951,825
Net profit/(loss)	996,073	572,381	475,123	(11,871)	62,316	100,983	773,699	339,773	(404,777)	(191,860)	(106,023)	(255,172)	2,350,645
Segment total assets	18,486,132	10,922,436	13,542,110	29,872,981	3,324,900	4,169,531	23,495,376	4,258,299	3,871,077	5,931,754	(17,098,043)	6,280,512	107,057,065
Segment total liabilities	10,766,411	5,768,905	7,948,597	29,579,796	2,027,418	3,191,294	19,799,616	3,129,906	3,856,221	2,552,442	(50,552,665)	33,268,209	71,336,150
Supplementary information:													
- Segment expenditures/(income) other than depreciation and amortisation	(63,831)	74,613	(16,091)	220,680	(1,061)	24,221	299,752	1,022	53,873	(64,015)	(11,307)	162,314	680,170
- Long-term equity investment of joint ventures and associates	55,552	61,524	4,678	-	-	512,934	170,510	319,488	193,831	697,211	-	20,639	2,036,367
- Segment expenditures raising from additions of non-current assets	1,293,041	595,316	708,469	4,630,629	688,978	333,190	7,314,797	42,481	195,887	879,363	-	4,889	16,687,040

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**XIII. SEGMENT REPORTING (CONTINUED)****2. Geographic information**

The following table sets out information about the geographical information of the Group's revenue from external customers and the Group's non-current assets (excluding financial assets and deferred tax assets, same for the below). The geographical locations of customers are based on the location at which the services were provided or the goods were delivered. The geographical locations of the specified non-current assets are based on the physical location of the assets (for fixed assets), or the location of the business to which they are allocated (for intangible assets and goodwill), or the location of operations of the associates and joint ventures.

Geographic information (according to the receiving party division)

	Revenue from external customers		Total non-current assets	
	2016	2015 (Restated)	31 December 2016	31 December 2016 (Restated)
P.R.China	23,563,045	24,684,517	53,280,989	47,401,483
Asia (exclusive of China)	7,266,749	9,181,983	714,570	270,572
America	9,718,213	8,880,239	391,179	214,442
Europe	8,068,004	13,836,675	1,544,659	1,189,268
Others	2,495,641	2,102,390	85,495	78,796
<b>Total</b>	<b>51,111,652</b>	<b>58,685,804</b>	<b>56,016,892</b>	<b>49,154,561</b>

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES**

The Group has exposure to the following risks from its use of financial instruments in the normal course of the Group's operations, which mainly include:

- Credit risk
- Liquidity risk
- Interest rate risk
- Foreign exchange risk

This note presents information about the Group's exposure to each of the above risks and their sources, the Group's objectives, policies and processes for measuring and managing risks and etc.

The Group aims to seek the appropriate balance between the risks and benefits from its use of financial instruments and to mitigate the adverse effects that the risks of financial instruments have on the Group's financial performance. Based on such objectives, the Group's risk management policies are established to identify and analyses the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The internal audit department of the Group undertakes both regular and ad-hoc reviews of risk management controls and procedures.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****1. Credit risk**

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

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

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

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

Based on the indicators such as assets conditions and profit forecast of the associates and joint ventures, the Group provide funds to them and continuously monitor the project progress and business condition, to ensure the recoverability of fund.

In addition, the receivables of the Group that are neither overdue nor impaired mainly due from a wide range of customers for whom there was no recent history of default.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****1. Credit risk (Continued)**

The Group's exposure to credit risk is influenced mainly by the individual characteristics and industries of each customer rather than country or area in which the customers operate. And therefore significant concentrations of credit risk arise primarily when the Group has significant exposure to individual customers. At the balance sheet date, the Group and the Company had a certain concentration of credit risk, as 30.89% (2015: 12.40%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

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

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, as in the balance sheet. Except for the financial guarantees given by the Group as set out in Note X, the Group and the Company do not provide any other guarantees which would expose the Group or the Company to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the balance sheet date is disclosed in Note X.

**2. Liquidity risk**

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. The Company is responsible for the cash management, including short term investment of cash surpluses and the raising of loans to cover expected cash demands, for individual subsidiaries subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its short-term and long-term liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 2. Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the balance sheet date of the Group's financial assets and financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on prevailing interest rates at 31 December) and the earliest date the Group can be required to pay:

	31 December 2016 Undiscounted contractual cash flow					Carrying amount at balance sheet date
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
<b>Financial assets</b>						
Cash at bank and on hand	6,325,998	–	–	–	6,325,998	6,325,998
Financial assets at fair value through profit or loss	141,160	–	325,187	–	466,347	466,347
Accounts receivable and other receivables	24,619,828	–	–	–	24,619,828	24,619,828
Current portion of non-current assets	5,513,253	–	–	–	5,513,253	3,941,689
Available-for-sale financial assets	–	–	36,803	412,240	449,043	442,726
Interest receivable	9,250	–	–	–	9,250	9,250
Dividends receivable	41,959	–	–	–	41,959	41,959
Long-term receivables	–	3,997,923	5,268,322	12,907,684	22,173,929	13,220,242
Sub-total	36,651,448	3,997,923	5,630,312	13,319,924	59,599,607	49,068,039
<b>Financial liabilities</b>						
Financial liabilities at fair value through profit or loss	199,225	–	3,816	–	203,041	203,041
Short-term borrowings	15,729,787	–	–	–	15,729,787	15,729,787
Notes payable	1,551,582	–	–	–	1,551,582	1,551,582
Debentures payable	189,000	189,000	8,175,500	–	8,553,500	7,986,500
Accounts payable and other payables	15,315,024	–	–	–	15,315,024	15,315,024
Interest payable	303,375	–	–	–	303,375	303,375
Dividends payable	16,746	–	–	–	16,746	16,746
Current portion of non-current liabilities	3,667,872	–	–	–	3,667,872	3,667,872
Other current liabilities	1,666,966	–	–	–	1,666,966	1,687,762
Long-term borrowings	1,056,608	10,819,611	16,387,132	3,464,214	31,727,565	27,023,222
Long-term payables	–	520,988	4,767	23,220	548,975	529,372
Other non-current liabilities	314,210	314,210	314,210	1,685,812	2,628,442	2,037,458
Sub-total	40,010,395	11,843,809	24,885,425	5,173,246	81,912,875	76,051,741
Net total	(3,358,947)	(7,845,886)	(19,255,113)	8,146,678	(22,313,268)	(26,983,702)

As at 31 December 2016, the Group has got commitments from main financial institutions to provide enough reserve funds, in order to satisfy short-term and long-term demands of working capital.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 2. Liquidity risk (Continued)

	31 December 2015					Carrying amount at balance sheet date
	Undiscounted contractual cash flow					
	Within 1 year or on demand	1 to 2 years	2 to 5 years	Over 5 years	Total	
<b>Financial assets</b>						
Cash at bank and on hand	4,487,166	–	–	–	4,487,166	4,487,166
Financial assets at fair value through profit or loss	133,294	–	19,755	–	153,049	153,049
Accounts receivable and other receivables	15,928,370	–	–	–	15,928,370	15,928,370
Current portion of non-current assets	5,559,327	–	–	–	5,559,327	3,228,668
Long-term receivables	–	3,478,453	7,084,625	11,122,586	21,685,664	12,734,564
Sub-total	26,108,157	3,478,453	7,104,380	11,122,586	47,813,576	36,531,817
<b>Financial liabilities</b>						
Financial liabilities at fair value through profit or loss	291,037	–	15,203	–	306,240	306,240
Short-term borrowings	17,909,024	–	–	–	17,909,024	17,909,024
Notes payable	1,749,077	–	–	–	1,749,077	1,749,077
Accounts payable and other payables	14,178,019	–	–	–	14,178,019	14,178,019
Interest payable	216,374	–	–	–	216,374	216,374
Dividends payable	56,034	–	–	–	56,034	56,034
Current portion of non-current liabilities	4,765,523	–	–	–	4,765,523	4,765,523
Long-term borrowings	9,577	16,534,428	11,140,759	1,067,646	28,752,410	23,684,838
Long-term payables	–	309,599	248,399	22,105	580,103	550,136
Other non-current liabilities	4,820	4,820	4,820	65,066	79,526	60,246
Sub-total	39,179,485	16,848,847	11,409,181	1,154,817	68,592,330	63,475,511
Net total	(13,071,328)	(13,370,394)	(4,304,801)	9,967,769	(20,778,754)	(26,943,694)



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 2. Liquidity risk (Continued)

Bank and other borrowings are analysed by repayment terms as follows:

	31 December 2016		31 December 2015	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Within 1 year	19,255,497	–	18,558,027	–
1 to 2 years	9,763,003	–	15,224,106	–
2 to 5 years	14,362,508	–	7,594,903	–
over 5 years	2,897,711	–	865,829	–
	46,278,719	–	42,242,865	–

## 3. Interest rate risk

Fixed and floating interest-bearing financial instruments exposed the Group to interest rate risk of fair value and cash flow, respectively. The interest rate policy is to ensure the exposure of interest rate risk of borrowing is within a reasonable scope. The Group had entered into interest rate swap contracts, which were made based on the currencies of the borrowings. Hence the Group set up appropriate fixed and floating interest rate risk portfolio, to meet the policy.

(1) As at 31 December 2016, the Group held the following interest-bearing financial instruments:

	31 December 2016		31 December 2015	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Fixed rates interest-bearing financial instruments</b>				
<b>Financial assets</b>				
– Long-term receivables	2.58%-17.53%	13,220,242	2.58%-17.53%	12,734,564
– Current portion of non-current assets	2.58%-17.53%	3,941,689	2.58%-17.53%	3,228,668
<b>Financial liabilities</b>				
– Short-term borrowings	0.65%-16.41%	6,280,953	0.63%-17.12%	8,555,791
– Current portion of debentures payable	–	–	4.43%-5.23%	3,998,881
– Debentures payable	3.07%-3.89%	7,986,500	–	–
– Current portion of non-current liabilities	2.65%-2.90%	800,000	–	–
– Long-term borrowings	1.45%-6.37%	1,043,007	1.2%-6.15%	3,916,702
– Other current liabilities	0.01%-1.00%	1,666,966	–	–
– Other non-current liabilities	4.99%-12.00%	2,037,458	8.00%	60,246
<b>Total</b>		<b>(2,652,953)</b>		<b>(568,388)</b>

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 3. Interest rate risk (Continued)

(1) As at 31 December 2016, the Group held the following interest-bearing financial instruments: (Continued)

	31 December 2016		31 December 2015	
	Interest rate (%)	Amount	Interest rate (%)	Amount
<b>Floating rates interest-bearing financial instruments</b>				
<b>Financial assets</b>				
– Cash at bank and on hand	0.30%-2.75%	6,325,998	0.35%-3.75%	4,487,166
<b>Financial liabilities</b>				
– Current portion of long-term borrowings	1.15%+1M Libor~ 3M Libor+240bps	2,725,710	1M Libor+145bps~ 1M Libor+245bps	649,003
– Long-term borrowings	1.15%+1M Libor~ 6M Libor+310bps	25,980,215	1M Libor+145bps~ 6M Libor+310bps	19,768,136
– Short-term borrowing	1M Libor+180bps~ 6M Libor+230bps	9,448,834	1M Libor+125bps~ 6M Libor+230bps	9,353,233
– Long-term payables	8.02%~12.86%	529,372	8.02%~12.86%	550,136
– Current portion of long-term payables	8.02%~12.86%	138,312	8.02%~12.86%	115,224
<b>Total</b>		<b>(32,496,445)</b>		<b>(25,948,566)</b>

(2) Sensitivity analysis

As at 31 December 2016, it is estimated that a general increase/decrease of 25 basis points (31 December 2015: 25 basis points) in interest rates, with all other variables held constant, would increase/decrease the Group's net profit by 60,931,000 and equity by 60,931,000 (2015: 48,654,000 and 48,654,000, respectively).

The sensitivity analysis above indicates the instantaneous change in the net profit and equity that would arise assuming that the change in interest rate had occurred at the balance sheet date and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the balance sheet date. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the balance sheet date, the impact on the net profit and equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis was performed on the same basis for the previous year.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 4. Foreign exchange risk

The major currency received by the Group is USD and the major currency paid out is RMB. In order to avoid the risks resulting from the fluctuation of the exchange rate of RMB, in respect of accounts receivable and payables denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

- (1) Besides the exposure to currency risk arising from financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss disclosed in Note IV.2 and IV.26, the Group's exposure as at 31 December to currency risk arising from recognised assets or liabilities denominated in foreign currencies is follows. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the balance sheet date. Differences resulting from the translation of the financial statements denominated in foreign currency are excluded.

	31 December 2016				31 December 2015			
	USD	EUR	HKD	JPY	USD	EUR	HKD	JPY
Cash at bank and on hand	823,367	1,169,615	40,023	44,700	316,077	506,361	19,899	18,491
Receivables	3,612,395	254,069	18,353	82,916	4,045,832	1,335,104	47,544	24,715
Short-term borrowings	(5,759,019)	(61,487)	-	(7,169)	(12,049,493)	(278,494)	-	(5,388)
Long-term borrowings	(14,736,500)	-	(132,386)	-	(21,092,096)	-	(83,778)	-
Payables	(1,023,302)	(118,003)	(30,414)	-	(1,035,809)	(1,167,766)	(391,933)	(1,825)
Current portion of non-current liabilities	(2,710,684)	-	-	-	(503,684)	-	-	-
Gross balance sheet exposure	(19,793,743)	1,244,194	(104,424)	120,447	(30,319,173)	395,205	(408,268)	35,993

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 4. Foreign exchange risk (Continued)

- (2) The following are the exchange rates for RMB against foreign currencies applied by the Group and the Company:

	Average exchange rate		Benchmark average exchange rate	
	2016	2015	31 December 2016	31 December 2015
USD	6.6667	6.2305	6.9348	6.4935
EUR	7.3475	6.8918	7.3046	7.0972
HKD	0.8593	0.8037	0.8945	0.8378
JPY	0.0611	0.0516	0.0596	0.0539

- (3) Sensitivity analysis

Assuming all other risk variables remained constant, 2.80%, 2.80%, 2.70% and 1.90% weakening of the RMB against the USD, EUR, HKD and JPY respectively at 31 December 2016 (3.70%, 3.10%, 3.40% and 3.20% strengthening of the RMB against the USD, EUR, HKD, and JPY respectively at 31 December 2015) would have increased (decreased) equity and net profit by the amount shown below; whose effect is in RMB and translated using the spot rate at the balance sheet date:

	Equity	Net profit
31 December 2016		
USD	(415,669)	(415,669)
EUR	26,128	26,128
HKD	(2,115)	(2,115)
JPY	1,716	1,716
Total	(389,940)	(389,940)
31 December 2015		
USD	(841,357)	(841,357)
EUR	9,189	9,189
HKD	(10,411)	(10,411)
JPY	864	864
Total	(841,715)	(841,715)

2.80%, 2.80%, 2.70% and 1.90% strengthening of the RMB against USD, EUR, HKD and JPY respectively at 31 December 2016 (3.70%, 3.10%, 3.40% and 3.20% weakening of the RMB against the USD, EUR, HKD, and JPY respectively at 31 December 2015) would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****4. Foreign exchange risk (Continued)****(3) Sensitivity analysis (Continued)**

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the balance sheet date, the analysis excludes differences that would result from the translation of the financial statements denominated in foreign currency. The analysis is performed on the same basis for the previous year.

The above sensitive analysis does not include exposure to currency risk arising from foreign future contracts, Japanese Yen exchange option and swap contract for interest rate disclosed in Note IV.2 and IV.26 about financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, but the change in exchange rate may have effect on shareholders' equity and net profit.

**5. Other price risks**

Other price risks are stock price risk. As at 31 December 2016, the Group held 40,414,000 tradable shares of Qingdao Port International Co., Ltd., 2,996,500 tradable shares of Sinotrans Shipping Limited, 6,000 tradable shares of Sinovel Wind Group Co., Ltd, 50,000 tradable shares of China Construction Bank and 126,000 tradable shares of Micro Mechart.

As at 31 December 2016, it is estimated that a general increase/decrease of the comprehensive index of shares 5.00% (31 December 2015: 5.00%), with all other variables held constant, would increase/decrease the Group's shareholders' equity by 6,651,000 (31 December 2015: 5,619,000).

The sensitivity analysis above arise assuming that the change in the comprehensive index of shares occurred at the balance sheet date in the reasonable range and had been applied to remeasure all those investments in securities held by the Group. The sensitivity analysis is also based on another assumption, namely, the fair value of the investments in securities held by the Group is relevant to composite index of stock market, and available-for-sales securities investment has same risk factor as trading securities investment, and all other variables held constant. 20.00% change in the comprehensive index of shares is a reasonable expectation of the Group for the period from the balance date to the next balance sheet date.

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

##### 6. Fair value estimates

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

##### (1) Assets measured at fair value on a recurring basis

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 31 December 2016:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets at fair value through profit or loss					
Investments in equity instrument held for trading	IV.2	138,072	–	–	138,072
Derivative financial assets	IV.2	–	326,969	–	326,969
Hedging instruments	IV.2	–	1,306	–	1,306
Available-for-sale financial assets	IV.11	2,441	30,803	–	33,244
<b>Financial assets total</b>		<b>140,513</b>	<b>359,078</b>	<b>–</b>	<b>499,591</b>
<b>Non-financial assets</b>					
Investment properties	IV.14	–	–	1,752,608	1,752,608
<b>Total</b>		<b>140,513</b>	<b>359,078</b>	<b>1,752,608</b>	<b>2,252,199</b>

Liabilities	Note	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	IV.26	–	(15,838)	–	(15,838)
Hedging Instrument	IV.26	–	(4,244)	–	(4,244)
Financial guarantee contracts	IV.26	–	–	(57,419)	(57,419)
Contingent considerations	IV.26	–	–	(125,540)	(125,540)
<b>Total</b>		<b>–</b>	<b>(20,082)</b>	<b>(182,959)</b>	<b>(203,041)</b>

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 6. Fair value estimates (Continued)

## (1) Assets measured at fair value on a recurring basis (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value in the above three levels as at 31 December 2015:

Assets	Note	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>					
Financial assets at fair value through profit or loss					
Investments in equity instrument held for trading					
	IV.2	122,171	–	–	122,171
Derivative financial assets	IV.2	–	30,878	–	30,878
Available-for-sale financial assets	IV.11	1,342	30,000	–	31,342
Financial assets Total		123,513	60,878	–	184,391
<b>Non-financial assets</b>					
Investment properties	IV.14	–	–	730,168	730,168
Total		123,513	60,878	730,168	914,559
<b>Liabilities</b>					
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	IV.26	–	(258,146)	–	(258,146)
Hedging Instrument	IV.26	–	(7,826)	–	(7,826)
Financial guarantee contracts	IV.26	–	–	(40,268)	(40,268)
Total		–	(265,972)	(40,268)	(306,240)

The Group make the date when matters occurred which result in significant transfers between instruments in the three levels as the point of transfer. During the year ended 31 December 2015, there were no significant transfers between instruments in Level 1 and Level 2 neither nor Level 2 and Level 3.

For traded in active markets financial instruments, the group measures its fair value at an active market price; for not traded in active markets financial instruments, the group uses valuation techniques to determine the fair value. Valuation model mainly used are the discounted cash flow model and market comparable company model etc. Input values of the valuation techniques include the risk free interest rate, benchmark interest rate, exchange rate, credit spreads, liquidity premium, EBITDA multiplier, the lack of liquidity discount etc.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****6. Fair value estimates (Continued)****(1) Assets measured at fair value on a recurring basis (Continued)**

The Group has appointed qualified valuer to conduct valuation for the fair value of the investment properties. The methods used include income model and cost model. The key assumptions include rental growth rates, capitalisation rates and unit prices.

The following table presents the movement of the non-financial assets in Level 3:

	Investment properties
1 January 2016	730,168
Purchase	78,176
Transferred from fixed assets, intangible assets and construction in progress.	310,039
Transferred out to the the assets classified as held for sale	(26,401)
Total gains for the current period	660,626
Gains recognised in profit or loss	75,792
Gains recognised in other comprehensive income	584,834
<b>31 December 2016</b>	<b>1,752,608</b>
	Investment properties
1 Januray 2015	553,398
Purchase	86,553
Transferred from fixed assets, intangible assets and construction in progress.	(92,165)
Transferred out to the the assets classified as held for sale	109,294
Total gains for the current period	73,088
Gains recognised in profit or loss	65,695
Gains recognised in other comprehensive income	7,393
<b>31 December 2015</b>	<b>730,168</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.



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 6. Fair value estimates (Continued)

## (1) Assets measured at fair value on a recurring basis (Continued)

The following table presents the information of the assets measured at fair value in Level 3:

	Fair value as at 31 December 2016	Valuation techniques	Significant unobservable inputs			
			Name	Scope/ weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties- Completed investment properties	1,139,285	Income model	Rate of return/capitalisation rate	6%-8%		
			Monthly rental (RMB/square meter/month)	7-95	(a)	Unobservable
			Budgeted construction cost to be incurred (RMB/square meter)	650-4,600		
			Anticipated developer's profit margin	9%-12%	(a)	Unobservable
Land use rights	613,323	Direct comparison	Market price (RMB/square meter)	450-2200	(a)	Unobservable

(a) The relationship of unobservable inputs to fair value are as follows:

- The higher of the rate of return/capitalisation rate, the lower of fair value;
- The higher of the expected vacancy rate, the lower of fair value;
- The higher of the monthly rental, the higher of the fair value;
- The higher of the market price, the higher of the fair value;
- The higher of the budgeted construction cost to be incurred, the lower of the fair value;
- The higher of the anticipated developer's profit margin, the lower of the fair value.

	Fair value as at 31 December 2015	Valuation techniques	Significant unobservable inputs			
			Name	Scope/ weighted average	Relationship with fair value	Observable/ Unobservable
Investment properties- Completed investment property	730,168	Income model	Rate of return/capitalisation rate	6%-8%		
			Monthly rental (RMB/square meter/month)	6-90	(a)	Unobservable
			Budgeted construction cost to be incurred (RMB/square meter)	600-4,500		
			Anticipated developer's profit margin	9%-12%	(a)	Unobservable

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)****6. Fair value estimates (Continued)****(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 31 December 2016, the Group's assets classified as available for sale include investment properties of 26,401,000, fixed assets of 92,269,000 and intangible assets of 85,177,000, measured at fair value less disposal expenses (Note IV.8). The fair value is estimated based on the present value of estimated future cash flows (26,401,000, 115,743,000 and 97,563,000), which belongs to the third level.

**(3) Assets and liabilities not measured at fair value but for which the fair value is disclosed**

Financial assets and liabilities in the group measured by the amortised cost method of including: accounts receivable, short-term borrowings, accounts payable, long-term borrowings, debentures payables, long-term payables etc.

As at 31 December 2016, all financial instruments are carried at amounts not materially different from their fair value.

There is an active market for bonds payable and fair value is determined by the quotations in the active market, which belongs to the first level. Fair value of long-term borrowings, long-term payables and debentures payables with no active market is determined by the discounted future cash flow of the contract in accordance with interest that is comparable and offer the same cash flow under the same conditions, which belongs to the third level.

**(4) Estimation and assumption of fair values**

The following summarises the major methods and assumptions used in estimating the fair values of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, available-for-sale financial assets on the balance sheet date.

**(a) Equity investments**

Fair value is based on quoted market prices at the balance sheet date for fair values of financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss (excluding derivatives), and available-for-sale financial assets if there is an active market.

**(b) Receivables**

The fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

**(c) Borrowings, 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.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XIV. FINANCIAL RISK AND FAIR VALUES ESTIMATES (CONTINUED)

## 6. Fair value estimates (Continued)

## (4) Estimation and assumption of fair values (Continued)

*(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*

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.

## XV. CAPITAL MANAGEMENT

The Group's objectives of managing capital are to safeguard the group's ability of sustainable development in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Total capital of the group is shareholders' equity shown in the consolidated balance sheet. The group is not subject to external mandatory capital requirements, and use debt to asset ratio to monitor capital.

The Group monitors capital on the basis of Debt-Asset ratio. This ratio is calculated as total liabilities divided by total assets.

In 2016, the Group manages capital status by controlling the Debt-Asset ratio not to exceed 70% (2015: not to exceed 70%). The Debt-Asset ratio as at 31 December 2016 and 2015 were as follows:

	31 December 2016	31 December 2015 (Restated)
Total Liabilities	85,479,956	71,336,150
Total Assets	124,614,748	107,057,065
Debt-Asset ratio	69%	67%

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS

## 1. Cash at bank and on hand

	31 December 2016	31 December 2015
Bank deposits	2,647,574	1,585,004
Other cash balances	12,648	12,442
	2,660,222	1,597,446
Including: cash abroad	519	489

As at 31 December 2016, restricted cash at bank and on hand of the Company amounted to 2,752,000 (31 December 2015: 2,581,000).

As on 31 December 2016, the fixed deposit of the Company in the Financial Company, a subsidiary of the Group, was 942,000,000 (31 December 2015: 942,000,000).

## 2. Dividends receivable

	31 December 2016	31 December 2015
CIMC Hong Kong	3,435,198	3,217,336
SCIMC	592,706	592,706
SCIMCEL	462,372	648,092
CIMCVL	149,577	–
TJCMC	48,915	48,915
Mordern Logistic	29,146	29,146
SCIMCEL	19,263	19,263
QDSV	17,356	–
CIMC Wood	874	874
Tianjin Kangde Logistics Equipment Co., Ltd	411	–
QDCC	–	15,205
ZZCIMC	–	18,069
TLC	–	14,839
Total	4,755,818	4,604,445

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS(CONTINUED)

## 3. Other receivables

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

	31 December 2016	31 December 2015
Amounts due from related parties	13,109,464	12,321,581
Deposits and margin	15,711	20,202
Others	10,821	25,899
Sub-total	13,135,996	12,367,682
Less: provision for bad debts	(4,580)	(4,580)
<b>Total</b>	<b>13,131,416</b>	<b>12,363,102</b>

(2) Other receivables are analysed by aging as follows:

Aging	31 December 2016	31 December 2015
Within 1 year (Inclusive)	9,642,304	9,778,433
1 to 2 years (Inclusive)	1,530,022	754,128
2 to 3 years (Inclusive)	574,631	1,779,478
Over 3 years	1,389,039	55,643
Sub-total	13,135,996	12,367,682
Less: provision for bad debts	(4,580)	(4,580)
<b>Total</b>	<b>13,131,416</b>	<b>12,363,102</b>

The ageing is calculated starting from the date the other receivable is recognised.

As at 31 December 2016 and 31 December 2015, the Company did not have overdue other receivables that were not impaired.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 3. Other receivables (Continued)

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

Note	31 December 2016				31 December 2015			
	Ending balance		Provision for doubtful debts		Ending balance		Provision for doubtful debts	
	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance	Amount	% of total balance
Other receivables with amounts that are individually significant (4)	13,066,919	99.47%	-	-	12,316,835	99.59%	-	-
Other receivables with amounts that are not individually significant (5)	69,077	0.53%	4,580	6.63%	50,847	0.41%	4,580	9.01%
Total	13,135,996	100.00%	4,580	0.03%	12,367,682	100.00%	4,580	0.04%

There were no collaterals that the Company held for other receivables that were made impairment aforesaid.

(4) Other receivables with amounts that are individually significant and that the related provision for doubtful debts is provided on the individual basis

As at 31 December 2016 and 31 December 2015, the Company has no other receivables with amounts that are individually significant and that the related provision for doubtful debts is provided on the individual basis

(5) Other receivables with amounts that are not individually significant but that the related provision for doubtful debts is provided on the individual basis

As at 31 December 2016 and 31 December 2015, the Company has no other receivables with amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 3. Other receivables (Continued)

- (6) Other receivables that the related provision for bad debts is provided on grouping basis using the ageing analysis method are analysed as follows:

	31 December 2016			31 December 2015		
	Ending balance	Provision for doubtful debts		Ending balance	Provision for doubtful debts	
	Amount	Amount	% of total balance	Amount	Amount	% of total balance
Within 1 year						
1 to 2 years	54,449	–	–	31,452	–	–
2 to 3 years	6,120	–	–	13,983	–	–
3 to 4 years	3,268	–	–	157	–	–
4 to 5 years	660	–	–	675	–	–
Over 5 years	4,580	4,580	100.00%	4,580	4,580	100.00%
Total	69,077	4,580	6.63%	50,847	4,580	9.01%

- (7) The recovery of provision in current year

There were no other receivables that the related provision for doubtful debts had been provided in full amount or in large proportion in previous years but are collected or reversed in full amount or in large proportion in current year (2015: Nil).

- (8) Other receivables that are written off in current year

There were no material other receivables that are written off in current year (2015: Nil).

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

##### 3. Other receivables (Continued)

(9) As at 31 December 2016, the five largest other receivables are analysed as follows:

	Nature	Amount	Aging	% of total balance	Provision for doubtful debts
CIMC Hong Kong	fund transfer, daily transfer	3,696,713	Within 1 year	28.14%	–
C&C Trucks	fund transfer	1,415,947	Within 1 year, 1 to 2 years, 2 to 3 years	10.78%	–
Hongxin Berg	fund transfer	1,079,876	Within 1 year	8.22%	–
Qianhai rental	fund transfer, daily transfer	836,363	Within 1 year	6.37%	–
Tianjin Hongxin Berg	fund transfer	580,823	Within 1 year	4.42%	–
		7,609,722		57.93%	–

The Company's five largest other receivables as at 31 December 2015 amounted to 7,399,908,000 and accounting for 59.83% of the total other receivables.

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

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

(11) Other receivables from related parties

	Relationship with the Company	Amount	% of total balance
Associates	Associates	575,378	4.38%
Subsidiaries	Subsidiaries	12,534,086	95.42%
Total		13,109,464	99.80%

(12) Other receivables derecognised due to transfer of financial assets

There were no other receivables derecognised due to transfer of financial assets of the Company in the current year (2015: Nil).

(13) Amount of assets and liabilities recognised due to the continuing involvement of securitised other receivable

There were no securitised other receivables during this year (2015: Nil).



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 4. Available-for-sale financial assets

	31 December 2016	31 December 2015
Measured at cost		
Available-for-sale equity instruments (1)	391,970	391,970
Less: provision for impairment	(3,065)	(3,065)
	388,905	388,905

(1) Related information analysis of available-for-sale financial assets is as follows:

Available-for-sale financial assets measured at cost:

	31 December 2015	Increase in current year	Decrease in current year	31 December 2016	Share holding (%)	Cash dividend declared
Available-for-sale equity instruments						
– Cost						
– BOCM Schroder Stolt Fund Management	8,125	–	–	8,125	5.00%	5,000
– China Railway United Logistics	380,780	–	–	380,780	10.00%	3,000
– Guangdong Samsung	1,365	–	–	1,365	0.09%	–
– Beihai Yinjian	1,700	–	–	1,700	1.01%	–
Sub-total	391,970	–	–	391,970		8,000
Less: provision for impairment	(3,065)	–	–	(3,065)		–
Total	388,905	–	–	388,905		8,000

(2) Available-for-sale financial assets measured at cost held by the group are mainly unlisted equity investments with no active market price and their reasonable fair value estimates has large variation range; the probability determining the fair value estimate can not be reasonably determined so their fair value cannot be reliably measured. The group has no disposal of the investment plan.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****5. Long-term equity investments**

(1) Long-term equity investments are analysed by categories as follows:

	31 December 2016	31 December 2015
Subsidiaries (2)	9,375,276	8,509,530
Less: provision for impairment	–	–
<b>Total</b>	<b>9,375,276</b>	<b>8,509,530</b>

There is no restriction on sale of the long-term equity investments held by the Company.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

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

## (2) Subsidiaries: (Continued)

Investee	31 December 2015	Current year movement	31 December 2016	Share holding (%)	Voting rights (%)	Provision for impairment	Impairment provided in the current year	Cash dividend declared
Cost method – Investment in subsidiaries								
SCIMC	82,042	28,789	110,831	100%	100%	–	–	–
SCIMCEL	82,042	(82,042)	–	100%	100%	–	–	14,610
XHCIMC	36,500	–	36,500	100%	100%	–	–	270
TJCIMC	77,704	–	77,704	100%	100%	–	–	–
TJCIMCN	239,960	(239,960)	–	100%	100%	–	–	18,311
QDCC	60,225	(60,225)	–	100%	100%	–	–	–
DLCIMC	48,764	–	48,764	100%	100%	–	–	–
NBCIMC	24,711	(24,711)	–	100%	100%	–	–	21,013
SBWI	66,558	(66,558)	–	95%	95%	–	–	19,141
TCCIMC	131,654	–	131,654	100%	100%	–	–	12,265
ZZCIMC	100,597	(100,597)	–	100%	100%	–	–	–
SHYSLE	193,204	(193,204)	–	100%	100%	–	–	13,477
CQVL	39,499	–	39,499	100%	100%	–	–	–
SCRC	200,892	–	200,892	92%	92%	–	–	20,663
QDCRC	54,225	(54,225)	–	100%	100%	–	–	18,960
XHCIMCS	82,026	–	82,026	100%	100%	–	–	8,693
DLL	46,284	(46,284)	–	100%	100%	–	–	–
QDCSR	12,743	(12,743)	–	100%	100%	–	–	4,722
TJCIMCLE	47,750	(47,750)	–	100%	100%	–	–	–
CIMC Hong Kong	1,690	–	1,690	100%	100%	–	–	789,474

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

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

###### (2) Subsidiaries (Continued):

	31 December 2015	Current year movement	31 December 2016	Share holding (%)	Voting rights (%)	Provision for impairment	Impairment provided in the current year	Cash dividend declared
CIMC SD	162,686	-	162,686	100%	100%	-	-	-
HI	606,912	-	606,912	80%	80%	-	-	110,963
CIMC Tech	41,526	-	41,526	100%	100%	-	-	-
CIMCWD	54,817	-	54,817	100%	100%	-	-	-
CIMC Training	48,102	-	48,102	100%	100%	-	-	-
DLZH	182,136	-	182,136	100%	100%	-	-	-
MEA	111,703	-	111,703	100%	100%	-	-	-
CIMC Wood	3,472	-	3,472	100%	100%	-	-	-
TLC	126,689	(126,689)	-	100%	100%	-	-	-
South Logistics	71,717	(71,717)	-	100%	100%	-	-	-
SZ Investment Holding	72,401	-	72,401	100%	100%	-	-	-
Finance Company	482,590	-	482,590	100%	100%	-	-	22,159
CIMCVL	422,363	-	422,363	100%	100%	-	-	149,577
QDSV	26,912	-	26,912	80%	80%	-	-	17,356
SHOE	40,000	-	40,000	100%	100%	-	-	-
SZ Investment	140,000	-	140,000	100%	100%	-	-	-
SESKYC	90,000	-	90,000	100%	100%	-	-	-
DLCIMCS	69,806	-	69,806	100%	100%	-	-	-
Container Holding	2,519,000	1,585,227	4,104,227	100%	100%	-	-	-
COOP	205,022	-	205,022	99%	99%	-	-	-
Tianjin Kangde Logistics Equipment Co., Ltd	3,629	(3,629)	-	100%	100%	-	-	411
CIMC Mordern Logistic Development Co.,Ltd.	500,000	303,904	803,904	100%	100%	-	-	-
C&C Trucks	898,977	-	898,977	66%	66%	-	-	-
Offshore Holdings	-	35,000	35,000	100%	100%	-	-	-
Overseas holding company	-	13,160	13,160	100%	100%	-	-	-
Guangdong Vehicle Park Investment Company	-	30,000	30,000	100%	100%	-	-	-
Sub-total	8,509,530	865,746	9,375,276			-	-	1,242,065

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 6. Short-term borrowings

(1) The analysis of the Company's short-term loans is as follows:

	31 December 2016	31 December 2015
Bank borrowings		
– Unsecured	2,710,000	–

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

	31 December 2016	31 December 2015
Current portion		
– Interest swap contract	65	–
Non-current portion		
– Interest swap contract	3,296	14,256

## 8. Taxes payable

	31 December 2016	31 December 2015
Income tax payable	2,042	1,867
Withholding individual income tax	1,120	1,053
Business tax payable	–	8,809
Others	484	1,091
Total	3,646	12,820

## 9. Interest payable

	31 December 2016	31 December 2015
Interest of corporate debentures	70,249	127,263
Interest of short-term borrowings with periodic payments of interest and return of principal at maturity	3,522	–
Interest of long-term borrowings with periodic payments of interest and return of principal at maturity	1,984	1,937
Total	75,755	129,200

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

##### 10. Other payable

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

	31 December 2016	31 December 2015
Current account with subsidiaries	2,948,279	7,570,989
Equipment use rights	16,735	–
Accruals	7,592	355
Quality guarantees	429	508
Others	17,769	11,393
<b>Total</b>	<b>2,990,804</b>	<b>7,583,245</b>

(2) Significant other payables aged over one year

As at 31 December 2016, significant other payables aged over one year represented quality guarantee and deposits.

(3) As at 31 December 2016, no amount due to shareholders who hold 5% or more of the voting rights of the Company is included in the balance of other payables.

(4) Other payables to related parties:

Company name	Relationship with the Company	31 December 2016	31 December 2015
Total amount due to subsidiaries	Subsidiaries	2,948,279	7,570,989

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

(1) The analysis of the Company's current portion of non-current liabilities by categories is as follows:

Item	Note	31 December 2016	31 December 2015
Current portion of long-term borrowings			
– Unsecured	(2)	800,000	61,000
– Current portion of debentures payables	(3)	–	3,998,881
<b>Total</b>		<b>800,000</b>	<b>4,059,881</b>

(2) As at 31 December 2016, there were no overdue long-term borrowings of which the durations are extended (31 December 2015: Nil).

(3) Refer to IV.36 for details of current portion of debentures payables.

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 12. Long-term borrowings

- (1) The analysis of the Company's long-term loans is as follows:

	31 December 2016	31 December 2015
Bank borrowings – Unsecured	1,621,000	2,215,000

As at 31 December 2016, there were no overdue long-term borrowings of which the durations are extended (31 December 2015: Nil).

As at 31 December 2016, the interest rate of long-term borrowing ranged from 1.20% to 3.65% (31 December 2015: 1.20% to 4.35%).

## 13. Debentures payable

Information for the Company's debentures payable please refer to Note IV.39.

## 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

	31 December 2016		31 December 2015	
	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)	Deductible/ (taxable) Temporary differences	Deferred tax assets/ (liabilities)
Deferred tax assets:				
Employee benefits payable	205,760	51,440	851,536	212,884
Movement for fair value of financial assets at fair value through profit or loss	3,360	840	14,256	3,564
Sub-total	209,120	52,280	865,792	216,448
Offsetting amount	–	–	–	–
<b>Offsetting balances</b>	<b>209,120</b>	<b>52,280</b>	<b>865,792</b>	<b>216,448</b>
Including:				
Amount estimated to reverse within 1 year (inclusive)		52,280		216,448

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 15. Capital surplus

	1 January 2016	Increase in current year	Decrease in current year	31 December 2016
Share premium	3,589,082	12,773	–	3,601,855
Other capital surplus:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	258,211	–	(5,199)	253,012
Others	(568,492)	–	–	(568,492)
<b>Total</b>	<b>3,279,575</b>	<b>12,773</b>	<b>(5,199)</b>	<b>3,287,149</b>

	1 January 2015	Increase in current year	Decrease in current year	31 December 2015
Share premium	317,168	3,271,914	–	3,589,082
Other capital surplus:				
– Exchange reserve on foreign currency capital	687	–	–	687
– Donated non-cash assets reserve	87	–	–	87
– Equity settled share-based payment	380,338	6,999	(129,126)	258,211
Others	(568,492)	–	–	(568,492)
<b>Total</b>	<b>129,788</b>	<b>3,278,913</b>	<b>(129,126)</b>	<b>3,279,575</b>



## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 16. Other comprehensive income

	1 January 2016	Amount incurred in current year		31 December 2016
		Pre-tax amount incurred in current year	Post-tax amount attributable to the Company	
Item that may be reclassified subsequently to profit and loss:				
– Property revaluation reserve	43,754	–	–	43,754
	43,754	–	–	43,754

	1 January 2015	Amount incurred in current year		31 December 2015
		Pre-tax amount incurred in current year	Post-tax amount attributable to the Company	
Item that may be reclassified subsequently to profit and loss:				
– Property revaluation reserve	43,754	–	–	43,754
	43,754	–	–	43,754

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

**XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)****17. Undistributed profits**

	2016	2015
Undistributed profits at the beginning of the year	1,403,140	1,594,245
Add: net profit attributable to the Company for the current year	1,827,623	771,715
Less: influence of issuance of perpetual bonds	(119,792)	(51,900)
Less: appropriation for surplus reserve	(75,801)	(77,172)
Ordinary share dividends payable	(654,822)	(833,748)
Undistributed profits at the end of the year	2,380,348	1,403,140

In accordance with the resolution at the shareholders' general meeting of the Company, as at 31 May 2016, the Company paid a cash dividend in the amount of 0.22 per share to the ordinary shareholders on 13 July 2016 (2015: RMB0.31 per share), amounting to 654,822,000 calculated by issued shares (2015: 833,748,000).

**18. Revenue and cost of sales****(1) Revenue and cost of sales**

	2016	2015
Revenue from other operations	156,526	298,919
Cost of sales from other operations	24,006	40,576

Chapter XIII

Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(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 (Continued)

(2) Revenue and cost of sales from other operations

	2016		2015	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Commission	132,217	–	257,941	–
Others	24,309	24,006	40,978	40,576
Total	156,526	24,006	298,919	40,576

19. Profit/(loss) from changes in fair value

	2016	2015
Financial assets at fair value through profit or loss for the current period		
– Changes in fair value during the year	–	35,261
– Losses for derecognised financial assets at fair value through profit or loss	–	(35,261)
Financial liabilities at fair value through profit or loss for the current period		
– Changes in fair value during the year	10,895	7,051
Total	10,895	7,051

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(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

## (1) Investment income by projects

	2016	2015
Income from long-term equity investment under cost method	1,242,065	415,404
Loss from long-term equity investment under equity method	–	(228)
Income earned during the holding period of available-for-sale financial assets	8,000	–
Loss from disposal of financial assets at fair value through profit or loss for the current period	–	35,261
Income from disposal of long-term equity investment	7,225	250,433
Other investment income	1,775	–
<b>Total</b>	<b>1,259,065</b>	<b>700,870</b>

## 21. Non-operating income

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

	2016	2015
gains on disposal of fixed assets	116	–
Government grants(2)	33,047	39,645
Others	10	787
<b>Total</b>	<b>33,173</b>	<b>40,432</b>

## (2) Details of government grants

	2016	2015	Related to assets/income
Financial subsidies	33,047	39,645	Related to income

## Chapter XIII

## Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

## 22. Non-operating expenses

	2016	2015
Abnormal losses	79,104	–
Losses on disposal of fixed assets	66	62
Others	403	1,300
<b>Total</b>	<b>79,573</b>	<b>1,362</b>

## 23. Income tax expenses

	2016	2015
Current income tax calculated based on tax law and related regulations	–	–
Change in deferred income tax	164,168	(16,046)
<b>Total</b>	<b>164,168</b>	<b>(16,046)</b>

The income tax based on the applicable profit rate is adjusted to income tax expense based on the total profit of the consolidated income statement:

	2016	2015
Total profit before tax	1,991,791	755,669
Income tax expenses calculated at applicable tax rates	497,948	188,917
Expenses not deductible for tax purposes	7,676	3,927
Unrecognised tax losses in last Reporting Period	(28,940)	(105,039)
Income not subject to tax	(312,516)	(103,851)
<b>Income tax expenses</b>	<b>164,168</b>	<b>(16,046)</b>

## Chapter XIII

### Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

#### XVI. NOTES TO THE HOLDING COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

##### 24. Notes to the cash flow statement

(1) Supplementary information to the cash flow statement:

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

	2016	2015
Net profit	1,827,623	771,715
Depreciation of fixed assets	12,772	15,855
Amortisation of intangible assets	259	259
Amortisation of long-term prepaid expenses	7,107	5,050
(Profit)/Losses on disposal of fixed assets, intangible assets	(50)	62
Profit on change in fair value	(10,895)	(7,051)
Financial expenses	101,868	139,025
Investment income	(1,259,065)	(700,870)
Share-based payment expenses	–	6,999
Decrease/(Increase) in deferred tax assets	164,168	(16,046)
Increase in operating receivables	(478,098)	(4,905,964)
Decrease/(Increase) in operating payables	(5,160,495)	1,058,061
Net cash flows from operating activities	(4,794,806)	(3,632,905)

(b) *Net change of cash and cash equivalents:*

	2016	2015
Cash and cash equivalents at the end of the year	1,715,470	652,865
Less: cash and cash equivalents at the beginning of the year	652,865	831,212
Net change of cash and cash equivalents	1,062,605	(178,347)

(2) Composition of cash and cash equivalents

	31 December 2016	31 December 2015
I. Cash		
Including: Cash at bank that can be liquidated at any time on demand	1,705,574	643,004
Other monetary fund that can be readily drawn on demand	9,896	9,861
II. Cash and cash equivalents at the end of the year that can be liquidated at any time on demand	1,715,470	652,865

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

## Chapter XIII

# Financial Statements Prepared in Accordance with CASBE

For the year ended 31 December 2016  
(All amounts in RMB'000 unless otherwise stated)  
(English Translation for Reference Only)

## SUPPLEMENTARY INFORMATION

### I. STATEMENT OF NON-RECURRING PROFIT OR LOSS

	2016	2015 (Restated)
Profit/(loss) on disposal of non-current assets	264,552	(17,588)
Government grants recognised in profit or loss for the current period	497,336	298,893
Gains from changes in fair value arising from holding financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss, and investment gains arising from disposal of financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and available-for-sale financial assets, except for the effective hedging activities related to the Group's ordinary activities	399,704	122,659
Net gains from disposal of subsidiaries	361,353	3,333
Reversal of accounts receivable provided for bad debts on an individual basis	–	12,461
Other non-operating income and expenses other than the above items	139,625	(18,689)
Other non recurring gains and loss items	(1,362,915)	18,330
Effect of income tax	(422,180)	(101,996)
Effect of minority interests (after tax)	150,765	(42,435)
<b>Total</b>	<b>28,240</b>	<b>274,968</b>

Note: Aforesaid non-recurring profit or loss was presented at amount before taxation.

### Basis for preparation of statement of non-recurring profit or loss

Under the requirements in Explanatory announcement No. 1 on information disclosure by companies offering securities to the public – non-recurring profit or loss [2008] from CSRC, non-recurring profit or loss refer to those arises from transactions and events that are not directly relevant to ordinary activities, or that are relevant to ordinary activities, but are extraordinary and not expected to recur frequently that would have an influence on users of financial statements making economic decisions on the financial performance and profitability of an enterprise.

## Chapter XIII

**Financial Statements Prepared in Accordance with CASBE**

For the year ended 31 December 2016  
(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 earnings per share and return on net assets of the Company is listed as follows:

	Weighted average return on net assets(%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	2016	2015	2016	2015	2016	2015
Net profit attributable to ordinary shareholders of the Company	2%	8%	0.14	0.74	0.14	0.73
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	1%	7%	0.13	0.63	0.13	0.63



## Chapter XIV

# Confirmation from the Directors and Senior Management

According to relevant provisions and requirements of the PRC Securities Law and Measures for Information Disclosure of Companies Offering Shares to the Public promulgated by the CSRC, as the Director and senior management of the Company, We have carefully reviewed the annual report for 2016 and concluded that this annual report truly and objectively represents the business performance of the Company, it contains no false representations, misleading statements or material omissions and its preparing and auditing procedures comply with the requirements of the CSRC and other relevant regulatory authorities.

## Chapter XV

# Documents Available for Inspection

The following documents will be available for inspection at the headquarters of the Company in Shenzhen upon request by the relevant regulatory authorities and Shareholders in accordance with Chinese laws and regulations or the Articles of Association:

1. The annual report signed by the chairman.
2. The financial statements under the hand and seal of the legal representative, chief financial officer, person-in-charge of accounting institution (accounting officer).
3. The original of the audit report under the seal of Accountants Firms and under the hand and seal of Certified Public Accountants.
4. The original copies of the documents and announcements of the Company published in the newspaper stipulated by the CSRC during the Reporting Period.
5. Copies of the all Chinese and English announcements of the Company published on the websites of Hong Kong Stock Exchange and the Company during the Reporting Period.
6. The Articles of Association.

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

CIMC R&D Center, No.2 Gangwan Avenue, Shekou,  
Nanshan District, Shenzhen, Guangdong, P.R.C

Tel: 86-755-26691130

Fax: 86-755-26692707

[www.cimc.com](http://www.cimc.com)

Design and Production by: Toppan Vite Limited Website: [www.toppanvite.com](http://www.toppanvite.com)