中國國際海運集裝箱（集團）股份有限公司

CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.

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

(H Shares Stock Code: 2039)

(A Shares Stock Code: 000039)

RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016 (SUMMARY OF THE 2016 INTERIM REPORT)

1 IMPORTANT NOTICE

1.1 The Board of Directors (the "**Board**"), the Supervisory Committee and the Directors, Supervisors and senior management of China International Marine Containers (Group) Co., Ltd. (the "**Company**" and its subsidiaries, the "**Group**") warrant that there are no false records, misleading statements or material omissions in this results announcement (the "**Announcement**"), and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of the information contained in the interim report of the Group for the six months ended 30 June 2016 (the "**2016 Interim Report**"). This announcement is extracted from the 2016 Interim Report and is published on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cimc.com). The full version of the 2016 Interim Report will be posted on the above websites in due course.

1.2 The Announcement has been reviewed and approved at the ninth meeting of the eighth session of the Board in 2016 (the "**Meeting**"). All Directors warrant, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of the Announcement. Mr. LIU Chong, non-executive director, was unable to attend the Meeting due to work reasons, and has authorised Mr. WANG Yuhang, Vice Chairman, to vote on his behalf.

1.3 The financial statements of the Group have been prepared in accordance with China Accounting Standards for Business Enterprises ("**CASBE**"). The 2016 interim financial statements and notes of the Group (the "**2016 Interim Financial Report**") prepared in accordance with CASBE have not been audited. The reporting period (the "**Reporting Period**") refers to the six months starting from 1 January 2016 and ended on 30 June 2016.

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

1.5 Mr. WANG Hong, Chairman of the Board, Mr. MAI Boliang, President of the Company, and Mr. JIN Jianlong, General Manager of the Financial Management Department of the Company, warrant the truthfulness and completeness of the Announcement and the 2016 Interim Financial Report.

1.6 The Board does not propose to declare the interim dividend for the period ended 30 June 2016 (the same period of 2015: Nil) at the Meeting.

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

1.8 This announcement contains certain forward-looking statements with respect to the financial position, operating results and business of the Group. These forward-looking statements are, by their nature, subject to significant risks and uncertainties because it is beyond the control of our Group whether the situation will go as stated in the statements. The forward-looking statements reflect the Group's current anticipation in respect of future events and are not a guarantee of future performance. Actual results may differ from information contained in the forward-looking statements.

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

2 BASIC INFORMATION OF THE COMPANY

2.1 Basic Information

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

2.2 Contact Persons and Means of Communication

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

Contact Address in mainland China: CIMC R&D Centre, 2 Gangwan Avenue, Shekou, Nanshan District, Shenzhen, Guangdong, PRC
(Postal code: 518067)

Contact Address in Hong Kong: 3101-2 Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong

3 SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

3.1 Key Accounting Data

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

Unit: RMB thousand

Income statement items	**The Reporting Period (January – June 2016) (unaudited)**	The same period of the previous year (January – June 2015) (unaudited)	Changes from the same period of the previous year to the Reporting Period (%)
Operating revenue	**23,542,843**	32,637,289	(27.87%)
Operating profit	**(318,988)**	2,026,744	(115.74%)
Profit before tax	**(165,844)**	2,077,478	(107.98%)
Income tax expense	**375,316**	425,068	(11.70%)
Net profit for the current period	**(541,160)**	1,652,410	(132.75%)
Attributable to:			
Net profit of shareholders and other equity holders of the parent company	**(378,034)**	1,518,195	(124.90%)
Minority profit	**(163,126)**	134,215	(221.54%)
Net profit attributable to shareholders and other equity holders of the Company after deducting non-recurring profit or loss	**(502,200)**	1,134,506	(144.27%)

Unit: RMB thousand

Balance sheet items	**As at the end of the Reporting Period (30 June 2016) (unaudited)**	As at the end of previous year (31 December 2015) (audited)	Changes from the end of previous year to the end of the Reporting Period (%)
Total current assets	**44,976,531**	43,530,325	3.32%
Total non-current assets	**69,823,386**	63,232,846	10.42%
Total assets	**114,799,917**	106,763,171	7.53%
Total current liabilities	**48,061,890**	45,921,237	4.66%
Total non-current liabilities	**32,384,339**	25,347,058	27.76%
Total liabilities	**80,446,229**	71,268,295	12.88%
Shareholders' equity	**34,353,688**	35,494,876	(3.22%)
Attributable to:			
Net profit of shareholders and other equity holders of the parent company	**27,625,493**	28,541,319	(3.21%)
Minority interests	**6,728,195**	6,953,557	(3.24%)
Share capital (shares)	**2,978,359,386**	2,977,819,686	0.02%

Unit: RMB thousand

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

	As at the end of the Reporting Period (30 June 2016) (unaudited)	As at the end of Previous year (31 December 2015) (audited)	Changes from the end of previous year to the end of the Reporting Period (%)
Balance of cash and cash equivalents at the end of the period	**4,310,559**	3,259,123	32.26%

3.2 Key Financial Indicators

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

	As at the end of the Reporting Period (30 June 2016) (unaudited)	As at the end of previous year (31 December 2015) (audited)	Changes from the end of previous year to the end of the Reporting Period (%)
Net assets per share attributable to shareholders of the Company (RMB/share)	**8.61**	8.90	(3.26%)
Gearing ratio (%) *(Note)*	**70%**	67%	3%

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

3.3 Non-Recurring Profit or Loss Items And Amounts

Unit: RMB thousand

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

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

4 INFORMATION ON SHAREHOLDERS

4.1 Number of Shareholders

The total number of shareholders of the Company as at the end of the Reporting Period was 82,489, including 12 holders of H shares, 82,477 holders of A shares. Based on the public information available to the Company and as far as the Directors were aware, the minimum public float of the Company as of 30 June 2016 has satisfied the requirements of Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("**Hong Kong Listing Rules**").

As at 30 June 2016, the total number of issued shares of the Company was 2,978,359,386 shares, including 1,261,782,777 shares of issued A shares and 1,716,576,609 shares of issued H shares.

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

Unit: Shares

Name of Shareholders	Nature of Shareholders	Percentage of shareholding	Number of ordinary shares held at the end of the Reporting Period	Changes during the Reporting Period	Number of ordinary shares with selling restrictions	Number of ordinary shares without selling restrictions
	Shareholdings of the ordinary Shareholders who hold above 5% or the top ten ordinary Shareholders					
HKSCC Nominees Limited	Foreign legal person	52.83%	1,573,365,259	143,041,050	–	1,573,365,259
COSCO Container Industries Limited	Foreign legal person	16.70%	497,271,481	–	–	497,271,481
China Securities Finance Corporation Limited	State-owned legal person	2.96%	88,103,367	7,688,648	–	88,103,367
Broad Ride Limited	Foreign legal person	2.62%	77,948,412	–	–	77,948,412
Central Huijin Asset Management Ltd.	State-owned legal person	1.28%	37,993,800	–	–	37,993,800
ICBC Credit Suisse Fund – Agricultural Bank – ICBC Credit Suisse China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Zhong Ou Fund – Agricultural Bank – Zhong Ou China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Bosera Funds – Agricultural Bank – Bosera China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Dacheng Fund – Agricultural Bank – Dacheng China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Jiashi Fund – Agricultural Bank – Jiashi China Securities and Financial Assets Management Program	Domestic non-state-owned legal person	0.32%	9,566,600	–	–	9,566,600
Explanation on the relationship or concerted action of the above Shareholders	nil					

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

So far as the Directors are aware, as at 30 June 2016, other than a Director, Supervisor or chief executive of the Company, the persons who have interests or short positions in the shares and underlying shares of the Company which are discloseable under Divisions 2 and 3 of Part XV of the SFO are as follows:

Name of shareholders	Type of shares held	Number of shares *(share)*	Capacity	Percentage of such shares in the same class of the issued share capital *(%)*	Percentage of total issued share capital *(%)*
China Merchants Group Limited ("**CM Group**")[1]	H Shares	728,809,817 (L)	Interest of Corporation Controlled by the Substantial Shareholder	42.46	24.47
China COSCO Shipping Corporation Limited ("**China COSCO Shipping**")[2]	A Shares	432,171,843 (L)	Interest of Corporation Controlled by the Substantial Shareholder	34.25	14.51
	H Shares	245,842,181 (L)	Interest of Corporation Controlled by the Substantial Shareholder	14.32	8.25
Hony Group Management Limited[3]	H Shares	358,251,896 (L)	Interest of Corporation Controlled by the Substantial Shareholder	20.87	12.03
Broad Ride Limited[3]	H Shares	215,203,846 (L)	Beneficial owner	12.54	7.23
	H Shares	143,048,050 (L)	Person having security interest in shares	8.33	4.80
Promotor Holdings Limited	H Shares	143,048,050 (L)	Beneficial owner	8.33	4.80
Templeton Asset Management Ltd.	H Shares	97,132,767 (L)	Investment manager	5.66	3.26

(L) Long Position

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

Note 2: China COSCO Shipping, through various subsidiaries (including China Shipping (Group) Company, China Shipping Container Lines Co., Ltd., Long Honour Investment Limited and COSCO Container Industries Limited etc.), had an interest in the A Shares and H Shares of the Company, and all the 432,171,843 A Shares (long position) 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 various subsidiaries (including Broad Ride Limited), had an interest in the H Shares of the Company, and 215,203,846 H Shares (long position) were held in the capacity as interest of corporation controlled by the substantial Shareholder and 143,048,050 H Shares were held in the capacity as person having security interest in shares.

Save as disclosed above, so far as the Directors are aware, as at 30 June 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 SFO of Hong Kong.

4.4 Information on Substantial Shareholders

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

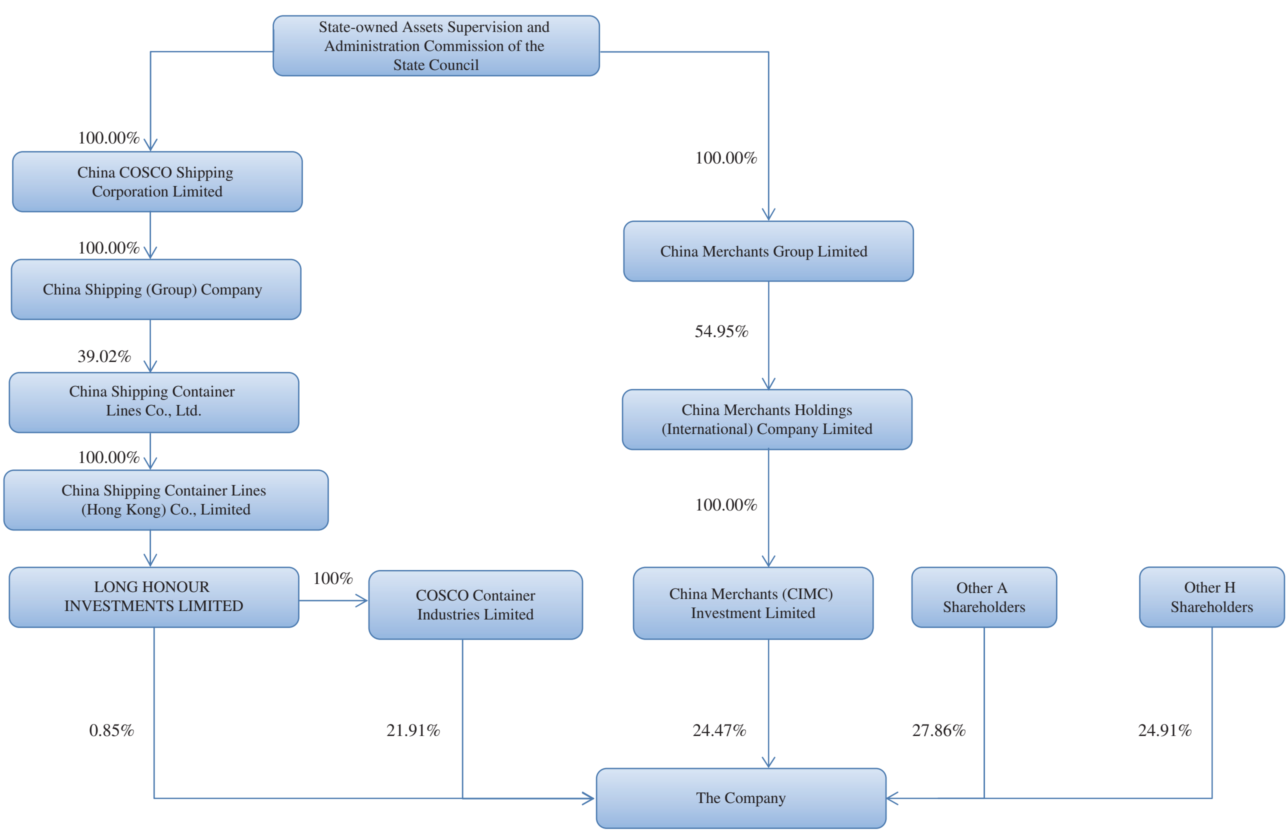
The substantial Shareholders of the Company are CM Group and China COSCO Shipping.

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

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

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

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



5. REPORT OF THE BOARD

5.1 Overview of Operating Results during the Reporting Period

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

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

5.2 Review of Principal Businesses during the Reporting Period

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

During the Reporting Period, the products and businesses contributing 10% or more to the Group's revenue or profit included containers, road transportation vehicles, energy, chemical and liquid food equipment, offshore engineering as well as logistics services business.

Container Manufacturing Business

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

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

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

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

Road Transportation Vehicle Business

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

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

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

During the Reporting Period, the Group's road transportation vehicle business continued promoting the global operation management steadily, strived to enhance the operational efficiency of assets of each business unit and the corporate profitability, and focused on the investment and development of the incremental business and the innovation business of each business unit to realize the growth with quality.

In the PRC market, in the first half of this year, the Group's road transportation vehicle business fully stimulated the enterprise vitality, grasped the hotspots and opportunities in market segments in time and enlarged its marketing strength and scope. The Group has completed more than 50% of the annual target in terms of revenue and profit of domestic business. In the overseas market, except that the revenue and profit declined as compared with the same period of the previous year in emerging markets affected by the global economy, the revenue and profit of other overseas businesses increased; in the North American market, the Group actively explored incremental space of business; in the European market, the Group fully played the role of global operation system of vehicles, finished the acquisition of 100% equity of Retlan Manufacturing Ltd. which was a leader in Britain trailer market, and continued deploying to enhance the growth momentum in the future.

Energy, Chemical and Liquid Food Equipment Business

The Group's subsidiary CIMC Enric is principally engaged in design, development, manufacturing, engineering and sales of various transportation, storage and processing equipment widely used in three sectors, namely energy, chemical and liquid food, as well as provision of relevant technical and maintenance services. Its energy and chemical equipment products and services are supplied throughout China and are exported to Southeast Asia, Europe and North and South America; and from its production base in Europe, its liquid food equipment products and services are offered worldwide.

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

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

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

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

Offshore Engineering Business

The Group is one of the leading contractors of high-end offshore engineering equipment in China and has participated in the global competition of offshore engineering business. The Group's offshore engineering business is mainly operated by CIMC Raffles Offshore (Singapore) Limited ("**CIMC Raffles**") and its subsidiaries. Our main products include Jack-up Drilling Platforms, Semi-submersible Drilling Platforms, and auxiliary vessels for offshore engineering projects.

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

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

In the "winter of offshore engineering industry", CIMC Raffles strived to overcome difficulties and focused on strategic products, and obtained an order from CNOOC Energy Technology & Services Limited (中海油能源發展股份有限公司) of jack-up drilling platforms for HYSY 162 Project during the Reporting Period. Meanwhile, it actively expanded its new businesses and delivered 5-year special inspection projects for 2 semi-submersible drilling platforms during the Reporting Period. CIMC Raffles has 14 orders in hand, with the contract amount approaching US$4 billion.

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

Logistics Service Business

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

In the first half of 2016, the domestic logistics services industry remained generally stable and its structural differentiation was obvious. The demand for international logistics increased. The logistic demand in traditional industries such as mining and high-consuming energy remained weak and logistic demand in the equipment manufacturing industry increased. The services price of logistics remained low and the performance of logistic enterprises was poor.

Affected by the market environment of bulk commodities, the Group scaled down the supply chain business of logistic services and adjusted the oil and gas business. The revenue generated from the existing businesses decreased due to the decline of shipping price. During the Reporting Period, the Group's logistics business achieved sales revenue of RMB3,218.617 million (same period in 2015: RMB4,267.810 million), representing a year-on-year decrease of 24.58%, and net profit of RMB68.434 million (same period in 2015: RMB57.474 million), representing a year-on-year increase of 19.07%. The increase in the profit was mainly attributable to the satisfactory profit from Sino-Worlink (Beijing) Investment Co., Ltd. and Sino-Worlink (Hong Kong) International Logistics Co., Ltd. which were acquired in 2015.

In the first half of 2016, the four major business lines of logistic services of the Group focused on developing in the direction of equipment logistics, multimodal transport, cross-border logistics and container service businesses. (1) Equipment logistics business line continued to promote lean production and kanban management to improve the manufacturing process of the factories and increase the level of information; strive to open up the domestic market, making a breakthrough of the situation where equipment logistics relied mainly on exports. (2) Container services business line promoted the improvement on quality, services, streamline, information system and strengthened the management of costs, safety and account receivables; confirmed the eight business products of shipping agency, freight forwarding, container yards, storage and transportation, cold storage services, selling and leasing second-hand containers, modified containers and railway terminals; strengthened the deep strategic cooperation with clients such as shipowners, container leasing companies and railways; it promotes the implementation of the strategy of "one body with two wings" for rail-water transport, sets up a core enterprise of joint investment, CIMC Kaitong Logistics Development Co., Ltd. (中集凱通物流發展有限公司) along the Yangtze River Basin; it quickens the network distribution of container yards for Southeast Asia territory alongside the "Belt and Road", and conducts research on cold chain logistics market. (3) Industrial logistics business line focus on oil and gas, agriculture, food and others. We improved the internal control system, put more effort in market development, optimized the logistic services and provided specialized logistics services; as well as developed and tested the transportation platform and customs platform, with efficiency significantly improved. (4) Project logistics business line, for which we adjusted the organizational structure and development strategy. The integrated operation with Sino Worlink was smooth. With international railway transport and marine railway multimodal transport as the basis, we explored the potential of rail transport special vehicles and combined the capacity of specialized vessels, gradually forming customized and regular cross-border marine railway multimodal transport services of CMIC in the field of special cargo transport.

In respect of innovation and expansion of new business models, the Group started multimodal transport business in March this year and established CIMC Multimodal Transport Company (中集多式聯運公司). Multimodal transport is a transport process of mutual link-up and transshipment jointly completed by two or more kinds of vehicles. It relates to various links including dock, depot, storage, financial lease and third party logistics. The Group possesses two advantages in resource and crossing border while starting such business. The Group has a profound resource foundation in container yard business, lease and customs declaration and freight agency, and is able to offer one-stop service in terms of products design, technical certification, production and solutions of logistics transportation. The Group will join such business area by offering innovative logistics equipments and tools to increase the transportation efficiency of railways. The Group is currently building logistics transport corridor in the target area market, developing and securing source for goods while focusing on differentiated competition and railway transport market, namely, the market suitable for a transportation radius of over 1,000 kilometers. Currently, the railway transport trains from Xian, Guiyang and Lanzhou to the east have been launched.

Heavy Truck Business

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

In the first half of 2016, the domestic economy remained a low growth. Except for the real estate industry, fixed investment, highway transport and bulk cargo transport like coal which are closely associated with the heavy-duty truck industry experienced slower growth or negative growth. However, after profound adjustment in 2015, the heavy-duty truck industry witnessed a substantial rebound driven by strong demand for renewal and industrial restructuring of certain down-stream industries. The overall sales of the domestic heavy truck market in the first half of this year was 338,000 units (same period in 2015: 296,000 units), representing a year-on-year increase of 14%. In respect of products, high-end and high-horsepower tractors maintained high growth rate, with tractors carrying coals and hazardous chemicals increasing by over 50%; dump trucks began to recover growth from April this year after 23 months of consecutive decline; and affected by the narrowed price differences between oil and gas, the sales volume of natural gas heavy trucks continued to decline, but in a more steady way.

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

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

Airport facilities equipment business

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

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

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

During the Reporting Period, all principal businesses of the Group's airport facilities equipment business achieved its desired development goals and have accomplished its business plans. (1) Boarding bridge business: the Group continues to fortify its positions in major airports of China and records a steady growth in its revenue and profitability, with the international marketing network further improved and the competitiveness in the global market further enhanced. (2) Fire trucks and rescue vehicles business: Ziegler is in the process of integration and has achieved remarkable results, with the operation procedures optimized and production efficiency greatly improved, hence allowing short supply to be relieved. The Group also started its integration of associated company CFSE and is focusing on future strategic layout to enhance competitiveness. (3) Automated logistics systems business: the Group has gained relative advantages in market segments like airport, machinery and energy and chemical. Meanwhile, it increased resource investment and enhanced software integration technology, and thus product quality was improved. Currently, it is stepping up efforts to acquire core technologies so as to further enhance its strength. (4) Engineering vehicle business: Xinfa Airport Equipment Ltd. gained steady growth in revenue and profit. AeroMobiles Pte.Ltd and CIMC Air Marrel SAS greatly improved their operation as their synergistic ability were being further enhanced. (5) Stereo garage business: targeted to increase sales volume, the Group increased investment in the market and achieved progress. It is also further enhancing the stability of the products.

Real Estate Development Business

In the first half of 2016, benefiting from domestic stable growth policy, domestic real estate market booms quickly and operates at a higher level as a whole. Under the trends of the overall recovering market, the faith of domestic real estate enterprises to take possession of land continues to increase, and the strategy for land possession has gradually shifted to the second-tier core cities with more favourable fundamentals. The scale of debt financing of real estate enterprises grows significantly as a result of continuously decreasing financing cost in the first half of the year, which brings effective capital expansion as well as certain financial risks for the real estate enterprises.

During the Reporting Period, the Group's real estate business achieved revenue of RMB315.698 million (same period of previous year: RMB238.713 million), representing a year-on-year increase of 32.25%, and net profit of RMB42.775 million (same period of pervious year: RMB139.116 million), representing a year-on-year decrease of 69.25%. Such decrease in net profit was mainly due to the relatively large amount of investment income from the associated company, Shanghai Fengyang Real Estate Development Co., Ltd. during the same period of the previous year.

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

On 18 June 2016, China Merchants Group and Authority of Qianhai Shenzhen-Hongkong Modern Service Industry Cooperation Zone of Shenzhen entered into a framework agreement in relation to the establishment of a joint venture company, 50% equity of which is held by each party, becoming the CMSK's development platform of Qianhai land. CMSK's reform on Qianhai land provides a reference framework for the negotiated settlement of similar projects. Currently, the Group continues extensive negotiations and discussions in relation to specific plans on the land in Qianhai Area with the competent authority of Shenzhen.

Financial Business

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

During the Reporting Period, in respect of the financial business, the Group achieved revenue of RMB1,114.356 million (same period of previous year: RMB825.057 million), representing a year-on-year increase of 35.06%, and net profit of RMB453.708 million (same period of previous year: RMB590.304 million), representing a year-on-year decrease of 23.14%. Such decrease in net profit was mainly due to the relatively large amount of income from disposal of leased assets during the same period of the previous year.

In the first half of this year, faced with a more complex and tough macroeconomic environment, CIMC Financial Leasing Company continued to deepen the Group's integration of industry and finance with more effort based on the three dimensions of "breadth, depth and mechanism". It promoted upgrading of the manufacturing industry with operating coordination, enhanced the Group's overall enterprise value with financial coordination and assisted for boosting the Group's overall transformation with strategic coordination. Under the guidance of the management principle which is cost-saving and benefit-increasing, prudent and steady, the capital scale expands at a steady pace, the capital quality significantly increases, and the efficiency of operation is further optimized.

In the first half of this year, economic operation in China experiences greater fluctuation with increasing risks. Under the complex and volatile domestic financial situation, financial market fluctuates violently. During the Reporting Period, CIMC Finance Company continued to deepen the centralised management of the Group's capital. Especially by leveraging the geographical advantage and policy support of Free Trade Zone, it developed cross-border bi-directional RMB business channels for the Group and endeavoured to promote the utilisation efficiency of the Group's global capital. It actively reinforced the integration of industry and finance, started the purchaser's credit business so as to boost industry development through financial services, constantly increased financial service means and enhanced the financial service to help improve the Group's competitive strength.

5.3 Prospects and Initiatives

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

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

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

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

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

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

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

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

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

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

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

5.3.2 Major Risk Factors of the Group

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

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

- **Risk of industry policy upgrade and trade protection:** China's economy entered into the "new normal" and the government of China presents the road map for and overall objective of comprehensively deepening reform to push forward the transformation and upgrade of economic structure. The industrial policies, tax policies, policies of environmental protection and land policies, etc. that have a huge impact on the business of enterprises are in the adjusting period. The industries involved in the principal business operations of the Group, as part of the traditional manufacturing industries, will face certain policy adjustment risks in the coming years. In addition, part of the Group's business may still be affected by global trade protectionism, 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. The process in China's financial reform such as Renminbi internationalisation results in exchange rate fluctuations in the RMB against the USD more frequently and with bigger amplitude, which will make the Group's foreign exchange and money management more difficult. In the first half of this year, Brexit has brought a series of economic uncertainties, which might affect the balance between exchange rate and the original supply and demand.

- **Market competition risks:** the Group is confronted with competition from domestic and foreign enterprises in respect of 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 the entry of new comers or improved capacity of existing rivals.

- **Employment and environmental protection pressure:** due to demographic changes and as the demographic dividend is near to being cashed out, Chinese manufacturers are generally facing the adjustment and change of employment structure, and the labour costs of China's manufacturing industries are constantly soaring. The automation represented by the robot is becoming one of key directions for future upgrading of the traditional manufacturing industries. In addition, China is implementing sustainable development strategies. Law on the Prevention and Control of Atmospheric Pollution, which came into effect this year, specifically stipulates the restrictions regarding emission of VOCs (volatile organic compounds). The Group has conducted treatment of VOCs in the container manufacturing process according to the national and industrial requirements on environmental protection, thus it is under certain environmental protection pressures.

5.3.3 Overall Operation Targets for Business Development and Initiatives of the Group in the Second Half of 2016

Adapting to the global and domestic economic restructuring in the second half of this year, the Group will continue to deepen its industrial restructuring and strategic upgrades, continue to promote clear development strategy, innovative of commercial model, enhancement of capital operation and classification and vitalization of internal resources, and promote optimization of equity structure of the Group's business segments, construction of the mutual business and establishment of incentive mechanism on the basis of multi-tiered management, so as to establish an "accumulative and continuous improvement mechanism", laying a new foundation for the sustainable and healthy development of the Group.

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

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

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

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

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

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

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

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

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

6 MANAGEMENT DISCUSSION AND ANALYSIS (prepared in accordance with relevant requirements of the Hong Kong Listing Rules)

The financial data below is extracted from unaudited 2016 interim financial statement prepared by the Group in accordance with CASBE. The following discussion and analysis should be read together with the 2016 interim financial statement and its notes set forth in other chapters of the Announcement.

Consolidated Operating Results

During the Reporting Period, the Group recorded revenue of RMB23,542.843 million (same period in 2015: RMB32,637.289 million) and loss attributable to shareholders and other equity holders of the parent company of RMB378.034 million (same period in 2015: gaining a profit of RMB1,518.195 million). For details, please refer to "5.2 Review of Principal Businesses during the Reporting Period" of "5 Report of the Board" and note 6 of "11 2016 Interim Financial Report" in this Announcement.

Composition of Principal Businesses during the Reporting Period

Unit: RMB thousand

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

Segment Information

For details of the segment information of the Group during the Reporting Period, please refer to note 10 of "11 2016 Interim Financial Report" in this Announcement.

Gross profit margin and profitability

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

Non-operating Income

During the Reporting Period, the Group's non-operating income amounted to RMB167.289 million (same period in 2015: RMB82.542 million), representing a year-on-year increase of 102.67%, which was mainly attributable to an increase in government grants received by the Group during the Reporting Period.

Tax expense

During the Reporting Period, the Group's income tax expense amounted to RMB375.316 million (same period in 2015: RMB425.068 million), representing a year-on-year decrease of 11.70%, mainly attributable to the decrease of income tax expenses as a result of the significant decrease of current income tax expenses due to the Group's operating loss during the Reporting Period. For details, please refer to note 7 of "11 2016 Interim Financial Report" in this Announcement.

Technology development costs

During the Reporting Period, the technology development costs of the Group were RMB230.097 million (same period in 2015: RMB235.006 million), representing a year-on-year decrease of 2.09%, which were mainly used for project on vehicle technology.

Minority interests

During the Reporting Period, the Group's equity attributable to minority shareholders recorded a loss of RMB163.126 million (same period in 2015: gaining a profit of RMB134.215 million), which was mainly due to the changes in profits of subsidiaries with minority shareholders during the Reporting Period.

Cash flow data

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

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

Unit: RMB thousand

	As at the end of the Reporting Period (30 June 2016) (unaudited)	As at the end of the previous year (31 December 2015) (audited)	Change	Reasons for change
Notes receivable	870,776	1,369,632	(36.42%)	Mainly due to the decrease of bank acceptance notes in the current period.
Goodwill	2,382,436	1,762,141	35.20%	Mainly due to the increase of consolidated goodwill of new companies in the current period.
Other non-current assets	125,064	465,703	(73.15%)	Mainly due to the Group's subsidiary CIMC Enric made impairment provision in respect of prepayment for equity investment in the current period.
Dividends payable	698,471	56,034	1,146.51%	Mainly due to dividends of ordinary shares declared but not paid in the current period.
Non-current liabilities due within one year	801,887	4,765,523	(83.17%)	Mainly due to repayment of debentures payable due within one year in the current period.

	The Reporting Period (January to June 2016) (unaudited)	Same period in 2015 (January to June 2015) (unaudited)	Change	Reasons for change
Assets impairment losses	1,267,501	135,530	835.22%	Mainly due to the Group's subsidiary CIMC Enric made provision for bad debts in respect of prepayment for equity investment to SOE, borrowings and guarantees in the current period.

Liquidity and financial resources

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

Bank loans and other borrowings

As at 30 June 2016, the Group's short-term borrowings, long-term borrowings, debentures payable and other current liabilities (issuance of commercial papers) in aggregate amounted to RMB51,906.456 million (31 December 2015: RMB46,241.746 million).

Unit: RMB thousand

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

In the first half of 2016, the net bank loans appropriated by the Group amounted to RMB5,324.877 million (same period in 2015: RMB5,008.519 million), representing a year-on-year increase of 6.32%. The Group's bank borrowings are mainly denominated in U.S. dollars, with the interest payments computed using fixed rates and floating rates. As at 30 June 2016, the Group's bank borrowings included fixed-rate borrowings of approximately RMB27,804.494 million (31 December 2015: RMB12,472.493 million), representing an increase of 122.93% as compared with the end of the previous year; floating-rate borrowings of RMB20,048.176 million (31 December 2015: RMB29,770.372 million), representing a decrease of 32.66% as compared with the end of the previous year.

Capital structure

The Group's capital structure consists of equity interest attributable to shareholders and liabilities. As of 30 June 2016, the Group's equity interest attributable to shareholders amounted to RMB34,353.688 million (31 December 2015: RMB35,494.876 million), the total liabilities amounted to RMB80,446.229 million (31 December 2015: RMB71,268.295 million) and the total assets amounted to RMB114,799.917 million (31 December 2015: RMB106,763.171 million).The Group is committed to maintaining an appropriate combination of equity and debt, in order to maintain an effective capital structure and provide maximum returns for shareholders.

At the end of the Reporting Period, the Group's gearing ratio was 70% (31 December 2015: 67%), which increased by 3 percentage points as compared with the end of the previous year, mainly due to the increase of the total liabilities for the current period as compared with the end of the previous year. (Calculation of the gearing ratio: based on the Group's total debts as at the respective dates divided by our total assets.)

Foreign exchange risk and relevant hedge

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

As at 30 June 2016, the forward foreign exchange contracts of the Group mainly consisted of unsettled forward contracts denominated in U.S. dollars, RMB, Japanese Yen and Euro, the nominal value of which amounted to US$463 million, RMB955 million, JPY2,148 million and EUR11.65 million, respectively. Pursuant to these forward contracts, the Group shall buy/sell U.S. dollars, Japanese Yen, Euro and other currencies, with contracted nominal value at agreed rates in exchange of RMB on the contract settlement dates. The forward foreign exchange contracts of the Group will be settled on a net basis by comparing the market rates on the settlement dates and the agreed rates. The settlement dates of the aforesaid contracts range from 1 July 2016 to 24 April 2017.

As at 30 June 2016, the Group had certain unsettled foreign exchange option contracts denominated in U.S. dollars and Brazilian Reais. The nominal value of these contracts amounted to approximately US$198 million and R$10.80 million. Depending on the market condition and the contract terms, the Group will decide to exercise contractual rights or perform contractual obligations at the request of counterparty on the settlement dates. The settlement dates of the aforesaid contracts range from 1 July 2016 to 24 March 2017.

As at 30 June 2016, the Group had four unsettled currency swap contracts denominated in U.S. dollars. The initial nominal principal of these contracts amounted to US$8,804,000. The settlement dates of the aforesaid swap contracts will be 1 July 2019, 1 July 2019, 1 August 2019 and 1 September 2019, respectively. As at 30 June 2016, the currency swap contracts of the Group with fair value of RMB14,581,000 were included in financial assets at fair value through profit or loss as derivative financial assets. Transaction costs on realization have not been deducted from the fair values.

Interest rate risk

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

As at 30 June 2016, the Group had 15 unsettled interest rate swap contracts denominated in U.S. dollars. The initially nominal value of these contracts amounted to approximately US$126 million in total. The settlement dates of the aforesaid contracts range from 28 April 2017 to 1 March 2020. As at 30 June 2016, the interest rate swap contracts with fair values of RMB14,310,000 were included in financial liabilities at fair value through profit or loss as derivative financial liabilities. Transaction costs on realization have not been deducted from the fair values.

Credit risk

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

Pledge of assets

As at 30 June 2016, the restricted assets of the Group totally amounted to RMB6,485.785 million (31 December 2015: RMB5,826.663 million), representing an increase of 11.31% as compared with the end of the previous year. For details, please refer to note 11 of "11 2016 Interim Financial Report" in this Announcement.

Capital commitments

As at 30 June 2016, the Group had capital expenditure commitments of approximately RMB340.197 million (31 December 2015: RMB960.181 million), which were mainly used as external investment contracts entered into but not performed or performed and manufacturing ships for sales or lease. For details, please refer to note 13(1) of "11 2016 Interim Financial Report" in this Announcement.

Contingent liability

As at 30 June 2016, the Group had contingent liabilities of approximately RMB81.072 million (31 December 2015: RMB79.940 million). For details, please refer to note 12(1) of "11 2016 Interim Financial Report" in the Announcement.

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

During the Reporting Period, the Group has completed the acquisition of 100% equity of Retlan Manufacturing Limited and 100% equity of Briggs Group Limited, at a total consideration of RMB1,023.262 million.

Future plans for significant investments and expected sources of funding

The operating and capital expenditures of the Group are mainly financed by our own fund and external financing. The Group will take a prudent attitude to enhance its operating cash flow. The Group has sufficient sources of funding to meet the requirements of capital expenditure and working capital during the year.

Capital expenditure and financing plan

Based on changes in the economic situation and operating environment, as well as the requirements of the Group's strategic upgrade and business development, the capital expenditure of the Group in 2016 was approximately RMB11,976 million, among which approximately RMB1,552 million was actually expensed in the first half of this year, which was mainly used for acquisition of fixed assets, intangible assets and other long-term assets.

On 8 April 2016, as considered and approved by the third meeting of the seventh session of the Board for 2016, 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) legally qualified investors including domestic institutional investors and natural persons that meet the relevant requirements and conditions. Gross proceeds shall not exceed RMB6,000 million. The Non-public Issuance of A Shares was approved at the 2015 annual general meeting, the first 2016 A shareholders' class meeting and the first 2016 H shareholders' class meeting of the Company held on 31 May 2016, which subjects to the approval of the China Securities Regulatory Commission. Various forms of financing arrangements will continue to be considered by the Group in the second half of this year.

Use of Proceeds

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

Employees, training and development

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

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

Dividend Distribution

The Board proposed that no interim cash dividend for 2016 shall be distributed, no bonus shall be issued, and no share shall be converted from reserves into share capital (six months ended 30 June 2015: Nil).

Events after the balance sheet date

For details about the events after the balance sheet date of the Reporting Period, please refer to note 15 of "11 2016 Interim Financial Report" in the Announcement.

Disclosure under the Hong Kong Listing Rules

In accordance with paragraph 46 of Appendix 16 of the Hong Kong Listing Rules, the Company confirms that, save as disclosed herein, there has been no material change in the current information regarding the Company from the information disclosed in the 2015 Annual Report of the Company.

7 REPURCHASE, SALE AND REDEMPTION OF SHARES

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

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

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

9 COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

9.1 The Board

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

During the Reporting Period, six meetings of the Board were held by the seventh session of the Board, of which one meeting was held on-site, five meetings were held in a way of written review resolutions with 43 resolutions reviewed; three meetings of the Board were held by the eighth session of the Board of the Company, of which one meeting was held on-site, two meetings were held in a way of written review resolutions with four resolutions reviewed. Of the nine Board Meetings in total, one was regular meeting and 8 were interim meetings.

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

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

9.2 Board Committees

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

9.3 The Supervisory Committee

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

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

9.4 Shareholdings' General Meeting

On 31 May 2016, the Company held the 2015 annual general meeting, the First 2016 A Shareholders' Class Meeting and the First 2016 H Shareholders' Class Meeting. The notice, convening, holding and voting procedures of such meetings were in compliance with the relevant requirements of the PRC Company Law, the Articles of Association and the Hong Kong Listing Rules. The announcements on the related resolutions of the meetings were published in China Securities Journal, Shanghai Securities News and Securities Times and on Cninfo website (http://www.cninfo.com.cn) on 1 June 2016, and on the websites of the Hong Kong Stock Exchange (http://www.hkexnews.hk) and the Company (http://www.cimc.com).

The non-executive Director Mr. WANG Hong, executive Director Mr. MAI Boliang and independent non-executive Directors Mr. PAN Chengwei and Mr. WONG Kwai Huen Albert attended the abovementioned general meetings. Non-executive Directors Mr. ZHANG Liang and Mr. WU Shuxiong and independent non-executive Directors Mr. LI Kejun failed to attend due to other important affairs.

9.5 Updates regarding to Deviations from Code Provisions as set out in 2015 Annual Report of the Group

Code provision A.2.7 requires that "The chairman shall convene at least one meeting every year with the non-executive Directors (including independent non-executive Directors) without the executive Directors present". The Company has only one executive Director and the Company's business operation is managed and monitored by the executive Director. During the Reporting Period, Mr. MAI Boliang, the executive director of the Company, shall and did not take part in the meeting in respect of adjusting the 2016 fixed remuneration of Mr. MAI Boliang as CEO and President of the Company. Save as aforesaid, during the Reporting Period, the Company has not held a Board meeting without the presence of the executive Director.

10 AUDIT COMMITTEE

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

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

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

11 2016 INTERIM FINANCIAL REPORT

11.1 Auditing Opinion

√ Unaudited ☐ Audited

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

☐ Applicable √ Not applicable

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

☐ Applicable √ Not applicable

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

(1) Subsidiaries newly included in the scope of consolidation for the current period were Retlan Manufacturing Limited and Briggs Group Limited.

(2) There was no loss of control of subsidiaries by disposal of equity interests for the current period.

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

☐ Applicable √ Not applicable

11.6 Financial Statements Prepared in Accordance with CASBE

11.6.1 Consolidated Balance Sheet (unaudited)

Unit: RMB thousand

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

11.6.1 Consolidated Balance Sheet (unaudited) (Continued)

Unit: RMB thousand

Item	*Note*	**30 June 2016**	31 December 2015
Liabilities and shareholders' equity			
Current liabilities:			
Short-term borrowings		**18,155,292**	17,909,024
Financial liabilities at fair value through profit or loss		**120,442**	250,769
Notes payable		**1,857,003**	1,749,077
Accounts payable	*4*	**9,943,237**	8,893,005
Advances from customers		**3,310,861**	2,763,511
Employee benefits payable		**1,784,053**	2,234,271
Taxes payable		**594,169**	923,137
Interest payable		**115,691**	216,374
Dividends payable		**698,471**	56,034
Other payables		**5,624,500**	5,285,014
Provisions		**1,002,498**	875,498
Current portion of non-current liabilities		**801,887**	4,765,523
Other current liabilities		**4,053,786**	–
Total current liabilities		**48,061,890**	45,921,237
Non-current liabilities:			
Financial liabilities at fair value through profit or loss		**54,400**	55,471
Long-term borrowings		**29,041,014**	23,684,838
Long-term payables		**621,201**	550,136
Payables for specific projects		**4,961**	5,834
Deferred income		**578,559**	511,662
Deferred tax liabilities		**521,322**	467,482
Other non-current liabilities		**1,562,882**	71,635
Total non-current liabilities		**32,384,339**	25,347,058
Total liabilities		**80,446,229**	71,268,295
Shareholders' equity:			
Share capital		**2,978,359**	2,977,820
Other equity instruments		**1,981,143**	2,033,043
Capital surplus		**3,127,388**	3,181,863
Other comprehensive income		**(243,364)**	(518,130)
Surplus reserve		**3,203,578**	3,203,578
Undistributed profits	*5*	**16,578,389**	17,663,145
Total equity attributable to shareholders of the parent company		**27,625,493**	28,541,319
Minority interests		**6,728,195**	6,953,557
Total shareholders' equity		**34,353,688**	35,494,876
Total liabilities and shareholders' equity		**114,799,917**	106,763,171

11.6.2 Balance Sheet of the Company (unaudited)

Unit: RMB thousand

Item	**30 June 2016**	31 December 2015
Assets		
Current assets:		
Cash at bank and on hand	**1,274,775**	1,597,446
Dividends receivable	**4,780,271**	4,604,445
Other receivables	**12,867,911**	12,363,102
Other current assets	**12,511**	16,264
Total current assets	**18,935,468**	18,581,257
Non-current assets:		
Available-for-sale financial assets	**388,905**	388,905
Long-term equity investments	**8,522,688**	8,509,530
Fixed assets	**104,967**	106,808
Construction in progress	**3,928**	4,031
Intangible assets	**14,595**	14,724
Long-term prepaid expenses	**12,353**	14,782
Deferred tax assets	**188,480**	216,448
Total non-current assets	**9,235,916**	9,255,228
Total assets	**28,171,384**	27,836,485

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

Unit: RMB thousand

Item	30 June 2016	31 December 2015
Liabilities and shareholders' equity		
Current liabilities:		
Short-term borrowings	**4,220,000**	–
Accounts payable	**5,678**	15,837
Employee benefits payable	**741,651**	851,536
Taxes payable	**4,195**	12,820
Interest payable	**19,742**	129,200
Dividends payable	**658,306**	–
Other payables	**7,756,556**	7,583,245
Current portion of non-current liabilities	**600,000**	4,059,881
Total current liabilities	**14,006,128**	12,652,519
Non-current liabilities:		
Financial liabilities at fair value through profit or loss	**12,270**	14,256
Long-term borrowings	**1,821,000**	2,215,000
Deferred income	**18,300**	13,800
Total non-current liabilities	**1,851,570**	2,243,056
Total liabilities	**15,857,698**	14,895,575
Shareholders' equity:		
Share capital	**2,978,359**	2,977,820
Other equity instruments	**1,981,143**	2,033,043
Capital surplus	**3,285,069**	3,279,575
Other comprehensive income	**43,754**	43,754
Surplus reserve	**3,203,578**	3,203,578
Undistributed profits	**821,783**	1,403,140
Total shareholders' equity	**12,313,686**	12,940,910
Total liabilities and shareholders' equity	**28,171,384**	27,836,485

11.6.3 Consolidated Income Statement (unaudited)

Unit: RMB thousand

Item		Note	January – June 2016	January – June 2015
I.	**Revenue**	6	**23,542,843**	32,637,289
	Less: Cost of sales	6	**19,126,496**	27,519,280
	Taxes and surcharges		**194,236**	148,211
	Sales expenses		**1,036,129**	1,265,718
	Management expenses		**1,982,301**	2,219,357
	Financial expenses – net		**304,944**	217,131
	Assets impairment losses		**1,267,501**	135,530
	Add: Profit/(losses) from changes in fair value		**137,104**	149,699
	Add: Investment income/(losses)		**(87,328)**	744,983
	Including: Share of investment income of associates and joint ventures		**13,800**	159,794
II.	**Operating profit**		**(318,988)**	2,026,744
	Add: Non-operating income		**167,289**	82,542
	Including: Gains on disposal of non-current assets		**6,153**	5,514
	Less: Non-operating expenses		**14,145**	31,808
	Including: Losses on disposal of non-current assets		**9,485**	23,891
III.	**Total profit**		**(165,844)**	2,077,478
	Less: Income tax expenses	7	**375,316**	425,068
IV.	**Net profit**		**(541,160)**	1,652,410
	Net profit attributable to shareholders and other equity holders of the parent company		**(378,034)**	1,518,195
	Minority profit or loss		**(163,126)**	134,215
V.	**Net amount of other comprehensive income/(loss), net of tax**		**328,231**	(63,823)
	Net amount of other comprehensive income attributable to shareholders of the parent company, net of tax		**274,766**	(51,516)
	Other comprehensive income to be reclassified to profit or loss subsequently		**274,766**	(51,516)
	Changes in fair value of available-for-sale financial assets		**949**	(2,183)
	Gain of cash flow hedges		**(490)**	5,256
	Currency translation differences		**274,307**	(54,589)
	Minority interests		**53,465**	(12,307)
VI.	**Total comprehensive income**		**(212,929)**	1,588,587
	Attributable to shareholders and other equity holders of the parent company		**(103,268)**	1,466,679
	Minority interests		**(109,661)**	121,908
VII.	**Earnings per share**			
	(I) Basic earnings per share (RMB)	8	**(0.1444)**	0.5681
	(II) Diluted earnings per share (RMB)	8	**(0.1444)**	0.5627

11.6.4 Income Statement of the Company (unaudited)

Unit: RMB thousand

Item		January – June 2016	January – June 2015
I.	**Revenue**	**69,104**	149,885
	Less: Operating costs	**24,006**	–
	Taxes and surcharges	**3,373**	12,340
	Management expenses	**109,800**	247,610
	Financial expenses – net	**(99,572)**	164,841
	Add: Profit from changes in fair value	**1,985**	(77,854)
	Investment income	**118,963**	121,809
II.	**Operating profit**	**152,445**	(230,951)
	Add: Non-operating income	**1,137**	7,334
	Including: Profit on disposal of non-current assets	**116**	–
	Less: Non-operating expenses	**249**	262
	Including: Losses on disposal of non-current assets	**1**	62
III.	**Total profit**	**153,333**	(223,879)
	Less: Income tax expenses	**27,968**	(49,364)
IV.	**Net profit**	**125,365**	(174,515)
V.	**Total comprehensive income**	**125,365**	(174,515)

11.6.5 Consolidated Cash Flow Statement (unaudited)

Unit: RMB thousand

Item		**From January to June 2016**	From January to June 2015
I.	**Cash flows from operating activities:**		
	Cash received from sales of goods or rendering of services	**26,966,364**	32,060,665
	Refund of taxes and surcharges	**536,836**	1,401,119
	Cash received relating to other operating activities	**252,053**	322,290
	Sub-total of cash inflows from operating activities	**27,755,253**	33,784,074
	Cash paid for goods and services	**21,688,702**	29,061,859
	Cash paid to and on behalf of employees	**2,703,551**	2,873,430
	Payments of taxes and surcharges	**1,102,475**	1,018,218
	Cash paid relating to other operating activities	**1,326,793**	1,456,020
	Sub-total of cash outflows from operating activities	**26,821,521**	34,409,527
	Net cash flows from operating activities	**933,732**	(625,453)
II.	**Cash flows from investing activities:**		
	Cash received from disposal of investments	**115,920**	235,610
	Cash received from returns on investments	**241,771**	249,658
	Net cash received from disposal of fixed assets, intangible assets and other long-term assets	**11,643**	585,899
	Cash received from disposal of subsidiaries	**7**	500
	Cash received relating to other investing activities	**–**	101,412
	Sub-total of cash inflows from investing activities	**369,341**	1,173,079
	Cash paid to acquire fixed assets, intangible assets and other long-term assets	**4,189,354**	5,935,609
	Cash paid to acquire investments	**791,687**	152,897
	Net cash paid for acquisition of subsidiaries	**764,577**	–
	Sub-total of cash outflows from investing activities	**5,745,618**	6,088,506
	Net cash flows from investing activities	**(5,376,277)**	(4,915,427)

11.6.5 Consolidated Cash Flow Statement (unaudited) (Continued)

Unit: RMB thousand

Item		From January to June 2016	From January to June 2015
III.	**Cash flows from financing activities:**		
	Cash received from capital contributions	**1,542,157**	48,785
	Including: Cash received from capital contributions by minority shareholders of subsidiaries	**1,518,444**	48,785
	Cash received from borrowings	**79,171,819**	59,806,957
	Cash received relating to other financing activities	**2,428**	2,150,000
	Sub-total of cash inflows from financing activities	**80,716,404**	62,005,742
	Cash repayments of borrowings	**73,846,942**	54,798,438
	Cash payments for interest expenses or distribution of dividends or profits	**1,178,176**	902,078
	Including: Cash payments for dividends or profits to minority shareholders of subsidiaries	**47,147**	148,919
	Cash paid relating to other financing activities	**120,376**	125,113
	Sub-total of cash outflows from financing activities	**75,145,494**	55,825,629
	Net cash flows from financing activities	**5,570,910**	6,180,113
IV.	**Effect of exchange rate changes on cash and cash equivalents**	**(76,929)**	(17,509)
V.	**Net increase/(decrease) in cash and cash equivalents**	**1,051,436**	621,724
	Add: Balance of cash and cash equivalents at beginning of the year	**3,259,123**	2,758,310
VI.	**Closing balance of cash and cash equivalents**	**4,310,559**	3,380,034

11.6.6 Cash Flow Statement of the Company (unaudited)

Unit: RMB thousand

Item		From January to June 2016	From January to June 2015
I.	**Cash flows from operating activities:**		
	Cash received from sales of goods or rendering of services	**74,196**	136,694
	Cash received relating to other operating activities	**3,026,963**	9,800,681
	Sub-total of cash inflows from operating activities	**3,101,159**	9,937,375
	Cash paid for goods and services	**38,246**	–
	Cash paid to and on behalf of employees	**153,809**	52,924
	Payments of taxes and surcharges	**27,955**	23,689
	Cash paid relating to other operating activities	**3,246,351**	10,471,405
	Sub-total of cash outflows from operating activities	**3,466,361**	10,548,018
	Net cash flows from operating activities	**(365,202)**	(610,643)
II.	**Cash flows from investing activities:**		
	Cash received from disposal of investments	**–**	155,458
	Cash received from returns on investments	**8,000**	118,681
	Net cash received from disposal of fixed assets	**2,261**	800
	Net cash received from disposal of subsidiaries	**–**	315,000
	Sub-total of cash inflows from investing activities	**10,261**	589,939
	Cash paid to acquire fixed assets, intangible assets and other long-term assets	**6,962**	1,453
	Cash paid to acquire investments	**–**	82,315
	Sub-total of cash outflows from investing activities	**6,962**	83,768
	Net cash flows from investing activities	**3,299**	506,171

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

Unit: RMB thousand

Item		From January to June 2016	From January to June 2015
III.	**Cash flows from financing activities:**		
	Cash received from borrowings	**4,426,000**	795,000
	Cash received from capital contributions	**23,712**	–
	Cash received relating to other financing activities	**–**	2,000,000
	Sub-total of cash inflows from financing activities	**4,449,712**	2,795,000
	Cash repayments of borrowings	**4,061,000**	2,392,000
	Cash payments for interest expenses or distribution of dividends or profits	**349,716**	329,985
	Cash paid relating to other financing activities	**–**	30,530
	Sub-total of cash outflows from financing activities	**4,410,716**	2,752,515
	Net cash flows from financing activities	**38,996**	42,485
IV.	**Effect of exchange rate changes on cash and cash equivalents**	**182**	849
V.	**Net (decrease) in cash and cash equivalents**	**(322,725)**	(61,138)
	Add: Opening balance of cash and cash equivalents at the beginning of the year	**652,865**	831,212
VI.	**Closing balance of cash and cash equivalents**	**330,140**	770,074

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

Unit: RMB thousand

Item	From January to June 2016 — Equity attributable to shareholders and other equity holders of the parent company: Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity	2015 — Equity attributable to shareholders and other equity holders of the parent company: Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Minority interests	Total shareholders' equity
I. Balance as at 31 December 2015	**2,977,820**	**2,033,043**	**3,181,863**	**(518,130)**	**3,203,578**	**17,663,145**	**6,953,557**	**35,494,876**	2,672,629	–	686,506	(847,187)	3,126,406	16,651,960	4,991,801	27,282,115
II. Balance as at 1 January 2016	**2,977,820**	**2,033,043**	**3,181,863**	**(518,130)**	**3,203,578**	**17,663,145**	**6,953,557**	**35,494,876**	2,672,629	–	686,506	(847,187)	3,126,406	16,651,960	4,991,801	27,282,115
III. Movements for the period																
(I) Total comprehensive income																
1. Net profit	–	**51,900**	–	–	–	**(429,934)**	**(163,126)**	**(541,160)**	–	51,900	–	–	–	1,922,105	297,956	2,271,961
2. Other comprehensive income	–	–	–	**274,766**	–	–	**53,466**	**328,232**	–	–	–	329,057	–	–	(9,639)	319,418
Sub-total of 1&2	–	**51,900**	–	**274,766**	–	**(429,934)**	**(109,660)**	**(212,928)**	–	51,900	–	329,057	–	1,922,105	288,317	2,591,379
(II) Capital contribution and withdrawal by owners																
1. Contributions by owners	–	–	–	–	–	–	–	–	286,096	–	2,941,543	–	–	–	–	3,227,639
2. Increase in capital resulting from the exercise of share options by the Company	**539**	–	**9,220**	–	–	–	–	**9,759**	19,095	–	201,245	–	–	–	–	220,340
3. Contributions by minority shareholders	–	–	**226,093**	–	–	–	**98,607**	**324,700**	–	–	106,284	–	–	–	1,478,518	1,584,802
4. Increase in minority interests resulting from acquisition or establishment of subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	–	168,598	168,598
5. Decrease in capital surplus resulting from acquisition of minority interests	–	–	**51**	–	–	–	**(129,763)**	**(129,712)**	–	–	(4)	–	–	–	(77,426)	(77,430)
6. Disposal of subsidiaries (without loss of control)	–	–	–	–	–	–	–	–	–	–	441,939	–	–	–	190,022	631,961
7. Increase in capital resulting from the exercise of share options by subsidiaries	–	–	**878**	–	–	–	**2,548**	**3,426**	–	–	(1,876)	–	–	–	13,274	11,398
8. Increase in shareholders' equity resulting from share-based payments	–	–	**10,353**	–	–	–	**5,809**	**16,162**	–	–	46,218	–	–	–	16,152	62,370
9. Issue of other equity instruments	–	–	–	–	–	–	–	–	–	1,981,143	–	–	–	–	–	1,981,143
10. Interest paid on other equity instruments	–	**(103,800)**	–	–	–	–	–	**(103,800)**	–	–	–	–	–	–	–	–
11. Repurchase rights recognized to be granted to minority shareholders	–	–	**(300,000)**	–	–	–	–	**(300,000)**	–	–	(1,249,826)	–	–	–	–	(1,249,826)
12. Others	–	–	**(1,070)**	–	–	–	–	**(1,070)**	–	–	9,834	–	–	–	–	9,834
(III) Profit distribution																
1. Appropriation to surplus reserve	–	–	–	–	–	–	–	–	–	–	–	–	77,172	(77,172)	–	–
2. Profit distribution to shareholders	–	–	–	–	–	**(654,822)**	**(92,903)**	**(747,725)**	–	–	–	–	–	(833,748)	(115,699)	(949,447)
IV. Balance as at 30 June 2016	**2,978,359**	**1,981,143**	**3,127,388**	**(243,364)**	**3,203,578**	**16,578,389**	**6,728,195**	**34,353,688**	2,977,820	2,033,043	3,181,863	(518,130)	3,203,578	17,663,145	6,953,557	35,494,876

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

Unit: RMB thousand

Item	From January to June 2016 Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity	2015 Share capital	Other equity instruments	Capital surplus	Other comprehensive income	Surplus reserve	Undistributed profits	Total shareholders' equity
I. Balance as 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. Balance as at 1 January 2016	**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
III. Movements for the period														
(I) Total comprehensive income														
1. Net profit	**–**	**51,900**	**–**	**–**	**–**	**73,465**	**125,365**	–	51,900	–	–	–	719,815	771,715
2. Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	–	–	–
Sub-total of 1&2	**–**	**51,900**	**–**	**–**	**–**	**73,465**	**125,365**	–	51,900	–	–	–	719,815	771,715
(II) Capital contribution and withdrawal by owners														
1. Contributions by owners	**539**	**–**	**9,220**	**–**	**–**	**–**	**9,759**	286,096	–	2,941,543	–	–	–	3,227,639
2. Increase in shareholders' equity resulting from share-based payments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	6,999	–	–	–	6,999
3. Increase in capital resulting from the exercise of share options by the Company	**–**	**–**	**(3,726)**	**–**	**–**	**–**	**(3,726)**	19,095	–	201,245	–	–	–	220,340
4. Issue of other equity instruments	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	1,981,143	–	–	–	–	1,981,143
5. Interest paid on other equity instruments	**–**	**(103,800)**	**–**	**–**	**–**		**(103,800)**							
(III) Profit distribution														
1. Appropriation to surplus reserve	**–**	**–**	**–**	**–**	**–**	**–**	**–**	–	–	–	–	77,172	(77,172)	–
2. Profit distribution to shareholders	**–**	**–**	**–**	**–**	**–**	**(654,822)**	**(654,822)**	–	–	–	–	–	(833,748)	(833,748)
IV. Balance as at 30 June 2016	**2,978,359**	**1,981,143**	**3,285,069**	**43,754**	**3,203,578**	**821,783**	**12,313,686**	2,977,820	2,033,043	3,279,575	43,754	3,203,578	1,403,140	12,940,910

NOTES:

1. PREPARATION BASIS

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

The financial statements are prepared on a going concern basis.

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

2. STATEMENT REGARDING COMPLIANCE WITH CASBE

The Company's financial statements for the period from 1 January 2016 to 30 June 2016 are prepared in accordance with the requirements of CASBE, and truly and completely present the consolidated and corporate financial position of the Company as at 30 June 2016 and other related information including the consolidated and corporate operating results and cash flows during January to June 2016.

3. ACCOUNTS RECEIVABLE

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

Unit: RMB thousand

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

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

Unit: RMB thousand

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

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

(3) Credit risk

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

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

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

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

Most of the Group's and the Company's customers have been transacting with the Group or the Company for a long time, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to some factors, such as ageing and maturity date. This Group has made the provision for the significant overdue receivables on 30 June 2016.

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

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

The Group's exposure to credit risk is mainly influenced by the individual characteristics and industries of each customer rather than country or area in which the customers operate. Due to the significant concentrations of the global shipping industry and its related industries, the significant concentrations of credit risk arise primarily when the Group has exposure to significant receivables from individual customers. At the balance sheet date, the Group had a certain concentration of credit risk, as 11.29% (2015: 12.40%) of the total accounts receivable and other receivables were due from the five largest customers of the Group.

4. ACCOUNTS PAYABLE

Accounts payable is as follows:

Unit: RMB thousand

Item	**30 June 2016**	31 December 2015
Due to raw materials suppliers	**8,565,779**	7,574,540
Due to integrated logistics service providers	**340,413**	358,539
Due to engineering contractors	**270,136**	335,406
Due to engineering suppliers	**247,351**	272,175
Due to equipment suppliers	**280,122**	209,973
Transportation fees	**31,477**	69,655
Processing fees	**142,367**	36,664
Others	**65,592**	36,053
Total	**9,943,237**	8,893,005

The ageing of accounts payable is analysed as follows:

Unit: RMB thousand

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

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

5. UNDISTRIBUTED PROFITS

Unit: RMB thousand

Item	*Note*	**30 June 2016**	31 December 2015
Undistributed profits at the beginning of the year		**17,663,145**	16,651,960
Add: Net profit attributable to shareholders and other equity holders of the parent company for the current period		**(378,034)**	1,974,005
Less: Effect of issue of perpetual bonds by the Company		**(51,900)**	(51,900)
Less: Appropriation to surplus reserve		**–**	(77,172)
Less: Ordinary share dividend payable	*(1)*	**(654,822)**	(833,748)
Undistributed profits at the end of the period		**16,578,389**	17,663,145

(1) Dividends of ordinary shares declared during the period

Unit: RMB thousand

	30 June 2016	31 December 2015
Dividends approved but not declared at the end of the period	**–**	–
Total proposed dividends during the period	**654,822**	833,748

In accordance with the approval at the shareholders' general meeting held on 31 May 2016, the Company paid cash dividends in the amount of RMB0.22 per share (2015: RMB0.31 per share) to the ordinary shareholders on 20 July 2016, totalling RMB654,822,000 (2015: RMB833,748,000).

6. REVENUE AND COST OF SALES

Unit: RMB thousand

Item	**January-June 2016**	January-June 2015
Revenue from principal operations	**22,828,212**	32,109,684
Revenue from other operations	**714,631**	527,605
Total	**23,542,843**	32,637,289
Cost of sales from principal operations	**18,795,869**	27,274,530
Cost of sales from other operations	**330,627**	244,750
Total	**19,126,496**	27,519,280

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

7. INCOME TAX EXPENSES

Unit: RMB thousand

Item	**January-June 2016**	January-June 2015
Current income tax calculated based on tax law and related regulations	**262,989**	428,103
Movements in deferred income tax	**112,327**	(3,035)
Total	**375,316**	425,068

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

Unit: RMB thousand

Item	**January-June 2016**	January-June 2015
Profit before income tax	**(165,844)**	2,077,478
Income tax calculated at applicable tax rates	**338,676**	645,585
Effect of tax incentive	**(46,248)**	(132,602)
Expenses not deductible for tax purposes	**32,243**	63,762
Income not subject to tax	**(74,525)**	(183,584)
Tax effect of utilisation of previously unrecognised tax losses on deferred tax assets for the period	**(7,695)**	(10,950)
Unrecognised tax losses	**38,339**	39,193
Tax effect of deductible temporary differences from unrecognised deferred tax assets	**95,650**	11,395
Effect of tax rate change on deferred tax	**–**	(584)
Tax refund for income tax annual filing	**(1,124)**	(7,147)
Income tax expenses	**375,316**	425,068

8. EARNINGS PER SHARE

(1) Basic earnings per share

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

Unit: RMB thousand

	January-June 2016	January-June 2015
Consolidated net profit attributable to ordinary shareholders of the Company and other equity holders	**(378,034)**	1,518,195
Effect of issue of perpetual bonds by the Company	**(51,900)**	–
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)	**(429,934)**	1,518,195
Weighted average number of ordinary shares outstanding of the Company ('000)	**2,978,120**	2,672,629
Basic earnings per share (RMB per share)	**(0.1444)**	0.5681
Including: continuously operating basic earnings per share	**(0.1444)**	0.5681

(2) Diluted earnings per share

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

Unit: RMB thousand

	January-June 2016	January-June 2015
Consolidated net profit attributable to ordinary shareholders of the Company and other equity holders	**(378,034)**	1,518,195
Effect of issue of perpetual bonds by the Company	**(51,900)**	–
Effect of our subsidiaries' share-based payment plan	**–**	(2,645)
Consolidated net profit attributable to ordinary shareholders of the Company (adjusted)	**(429,934)**	1,515,550
Weighted average number of ordinary shares outstanding of the Company (diluted)('000) (adjusted)	**2,978,120**	2,693,383
Diluted earnings per share (RMB per share)	**(0.1444)**	0.5627

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

	January-June 2016	January-June 2015
Weighted average number of ordinary shares outstanding of the Company ('000)	**2,978,120**	2,672,629
Effect of share options of the Company ('000)	**–**	20,754
Weighted average number of ordinary shares outstanding of the Company (diluted) ('000)	**2,978,120**	2,693,383

The Board of the Company was authorised to grant 60,000,000 share options (2.01% of the 2,978,359,386 shares issued by the Company) to the senior management and other staff of the Company.

9. DIVIDENDS

The Directors did not propose to declare the interim dividend for the six months ended 30 June 2016 (the same period of 2015: Nil).

10. SEGMENT INFORMATION

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

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

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

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

Unit: RMB thousand

Item	Containers January-June 2016	Road transportation vehicles January-June 2016	Energy, chemistry and food equipment January-June 2016	Offshore engineering January-June 2016	Airport facilities January-June 2016	Logistics services and equipment January-June 2016	Finance January-June 2016	Property development January-June 2016	Heavy trucks January-June 2016	Others January-June 2016	Elimination between segments January-June 2016	Unallocated items January-June 2016	Total January-June 2016
External revenue	4,604,375	6,957,207	4,180,802	1,108,446	1,128,444	3,183,410	1,114,356	315,698	795,514	154,591	–	–	23,542,843
Inter-segment revenue	294,243	56,147	157,307	2,595,243	–	35,207	–	–	64,845	142,732	(3,345,724)	–	–
Cost of sales from principal operations	4,059,329	5,628,816	3,529,358	3,316,300	886,690	2,798,683	366,336	100,269	833,364	196,168	(2,919,444)	–	18,795,869
Investment income/(losses) in associates and joint ventures	(1,008)	876	–	–	–	10,816	1,638	729	285	464	–	–	13,800
Assets impairment losses	2,777	5,957	1,243,256	(74)	(5,611)	3,003	18,193	–	–	–	–	–	1,267,501
Depreciation and amortisation expenses	209,275	254,554	149,758	308,335	39,122	78,255	85,057	4,913	65,959	13,706	–	33,747	1,242,681
Interest income	101,117	35,774	27,336	51,829	1,476	6,149	104,947	7,358	1,722	563,003	(825,427)	22,010	97,294
Interest expenses	23,844	47,735	58,941	123,596	10,075	18,951	71,008	10,655	48,240	16,749	(652,781)	538,069	315,082
Total profit/(losses)	(111,321)	481,392	(946,223)	(3,315)	19,751	108,555	490,441	60,771	(96,906)	(14,346)	(56,312)	(98,331)	(165,844)
Income tax expenses	28,311	119,499	75,354	673	9,046	40,121	36,733	17,996	(383)	677	–	47,289	375,316
Net profit/(losses)	(139,632)	361,893	(1,021,577)	(3,988)	10,705	68,434	453,708	42,775	(96,523)	(15,023)	(56,312)	(145,620)	(541,160)
Total assets	17,397,726	14,247,786	14,321,362	32,436,954	3,601,739	3,782,472	26,209,657	3,978,965	3,854,489	6,346,909	(16,845,957)	5,467,815	114,799,917
Total liabilities	9,770,436	7,739,888	9,853,675	32,138,731	2,285,789	2,786,536	22,213,077	2,805,512	3,768,664	3,010,122	(53,106,584)	37,180,383	80,446,229
Other material non-cash items:													
– Other non-cash expenses/(income) other than depreciation and amortisation	(14,050)	7,947	1,225,737	2,716	1,699	2,313	30,740	–	(318)	39,767	–	(187,384)	1,109,167
– Long-term equity investments of associates and joint ventures	54,358	78,521	4,678	–	–	532,944	192,774	100,217	194,566	842,949	–	–	2,001,007
– Other additions to non-current assets other than long-term equity investment	331,544	739,497	155,752	967,801	177,076	229,971	3,603,214	1,917	17,927	326,734	–	6,456	6,557,889

Segment information as at and for the six months ended 30 June 2015 is as follows:

Unit: RMB thousand

Item	Containers January-June 2015	Road transportation vehicles January-June 2015	Energy, chemistry and food equipment January-June 2015	Offshore engineering January-June 2015	Airport facilities January-June 2015	Logistics services January-June 2015	Finance January-June 2015	Property development January-June 2015	Heavy trucks January-June 2015	Others January-June 2015	Elimination between segments January-June 2015	Unallocated items January-June 2015	Total January-June 2015
External revenue	12,175,096	6,615,446	4,498,517	2,587,488	883,084	4,148,284	825,057	238,713	293,853	371,751	–	–	32,637,289
Inter-segment revenue	303,536	66,669	275,915	2,455,787	–	119,526	–	–	102,237	320,941	(3,644,611)	–	–
Cost of sales from principal operations	10,454,994	5,416,408	3,936,848	4,959,077	580,479	3,912,129	263,627	140,211	357,033	461,202	(3,207,478)	–	27,274,530
Investment income/(losses) in associates and joint ventures	38	176	(1,006)	–	–	7,961	6,494	148,650	(5,838)	3,469	–	(150)	159,794
Assets impairment losses	5,527	24,038	(6,943)	(54)	386	3,786	108,790	–	–	–	–	–	135,530
Depreciation and amortisation expenses	193,223	156,965	152,581	116,710	22,876	100,092	114,941	3,762	100,768	16,356	–	35,260	1,013,534
Interest income	130,687	30,179	17,747	104,377	983	5,326	83,019	8,082	2,896	391,070	(579,182)	372	195,556
Interest expenses	31,352	48,882	27,721	218,638	9,815	18,343	166,596	14,198	43,512	13,212	(442,111)	468,531	618,689
Total profit/(losses)	959,864	391,336	348,313	19,768	(44,643)	86,490	610,912	148,113	(142,248)	(22,849)	199,110	(476,688)	2,077,478
Income tax expenses	249,855	72,610	88,859	1,110	2,602	29,016	20,608	8,997	(3,455)	747	–	(45,881)	425,068
Net profit/(losses)	710,009	318,726	259,454	18,658	(47,245)	57,474	590,304	139,116	(138,793)	(23,596)	199,110	(430,806)	1,652,411
Total assets	19,789,115	11,284,269	11,489,721	26,842,408	2,798,186	4,413,656	15,637,555	4,169,390	4,027,447	4,703,838	(14,032,690)	4,470,594	95,593,489
Total liabilities	12,264,598	6,244,818	6,350,415	26,243,460	2,051,089	3,013,666	11,914,351	3,326,028	3,650,603	2,151,726	(42,665,054)	30,816,921	65,362,621
Other material non-cash items:													
– Other non-cash expenses/(income) other than depreciation and amortisation	(176,825)	11,370	(18,690)	(102,921)	(2,479)	5,400	107,511	–	(782)	(41,743)	–	208,096	(11,063)
– Long-term equity investments of associates and joint ventures	52,939	50,331	4,000	2	–	483,639	159,888	260,326	197,969	47,047	–	212,226	1,468,367
– Other additions to non-current assets other than long-term equity investment	571,433	255,948	179,549	222,533	433,695	368,983	11,028,575	71	16,659	5,324	–	80,912	13,163,682

11. RESTRICTED ASSETS OF THE GROUP AS AT 30 JUNE 2016

Unit: RMB thousand

	31 December 2015	Current period addition	Current period decrease	30 June 2016
Assets used as collateral				
– Cash at bank and on hand	1,228,043	20,342	(517,193)	731,192
– Notes receivable	588,835	88,523	(364,617)	312,741
– Long term receivables	4,009,785	1,699,475	(267,408)	5,441,852
Total	5,826,663	1,808,340	(1,149,218)	6,485,785

12. CONTINGENCIES

(1) Contingent liabilities

CIMC Raffles, a subsidiary of the Group, entered into drilling platform construction contracts with relevant purchasers, which involve terms of compensation for delivery postponement. For certain contracts, the management expected the risk of delivery postponement which will incur the compensation is high, therefore the management decided to accrue a provision of estimated liabilities amounted to US$8,225,000 (equivalent to RMB54,542,000) in accordance with both the daily compensation amount written in the contracts and the expected postponed days with highest chance.

Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd. (YZTH) (a subsidiary of the Group) provided guarantee to the mortgage loans by which some of its clients bought its mixer trucks, but some of the loans repayments have been overdue severely, the management expected there is possibility for YZTH to repay the loans for the clients, therefore they decided to accrue a provision amounting to RMB26,530,000.

(2) Guarantees provided for external parties

CIMC Vehicle Group, a subsidiary of the Group, developed business of buyer's credit of vehicles and signed contracts with Bank of Communications, China Merchants Bank and China Everbright Bank, pursuant to which relevant banks provided guarantees in respect of banking facilities granted to the distributors and customers of CIMC Vehicle Group and its holding subsidiaries arising from purchase of vehicle products. As at 30 June 2016, as approved by the Board of the Company, the aggregate amount of credit facilities in respect of which CIMC Vehicle Group and its holding subsidiaries provided guarantees to the distributors and customers was approximately RMB996,400,000 (31 December 2015: RMB809,315,000).

CIMC Raffles, a subsidiary of the Group, provided guarantees to its customers by way of vessel leasing. As at 30 June 2016, the aggregate amount of guarantees it provided was approximately RMB477,500,000.

CIMC Haoyu, YJFR and Yangzhou CIMC Dayu Real Estate Development Co., Ltd., subsidiaries of the Group, provided guarantees to purchasers of commodity homes by way of secured loans. The aggregate amount of guarantees provided by the Group was approximately RMB450,599,000 as at 30 June 2016 (31 December 2015: RMB537,417,000).

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

As at 30 June 2016, the Group had notes payable issued but not accounted for and outstanding letters of credit issued totaling RMB1,571,477,000 (31 December 2015: RMB1,022,074,000).

As at 30 June 2016, Shenzhen CIMC-Tianda Airport Support Co., Ltd., a subsidiary of the Group, had outstanding balance of guarantees issued by relevant banks totaling RMB639,247,000, of which the balance of performance guarantees, payment guarantees, bid guarantees, quality guarantees and other guarantees were RMB402,292,000, RMB167,717,000, RMB40,969,000, RMB19,983,000 and RMB8,286,000 respectively. (total balance as at 31 December 2015: RMB625,391,000).

As at 30 June 2016, CIMC Raffles, a subsidiary of the Group, had outstanding balance of guarantees issued by relevant banks totaling US$131,000,000 (equivalent to RMB868,687,000), of which balances of advance payment guarantees, quality guarantees and performance guarantees were US$74,120,000 (equivalent to RMB491,505,000), US$24,880,000 (equivalent to RMB164,984,000), US$32,000,000 (equivalent to RMB212,198,000), respectively (total balance as at 31 December 2015: RMB986,776,000).

As at 30 June 2016, CIMC Enric Holdings Limited, a subsidiary of the Group, had outstanding balance of guarantees issued by relevant banks totaling RMB238,747,000 and US$24,635,000 (equivalent to RMB163,360,000), of which balances of performance guarantees & advance payment guarantees, quality guarantees and project schedule guarantees were RMB215,146,000 and US$16,041,000 (equivalent to RMB106,370,000), RMB15,567,000 and US$3,348,000 (equivalent to RMB22,204,000) and RMB8,034,000 and US$5,246,000 (equivalent to RMB34,786,000), respectively (total balance as at 31 December 2015: RMB777,036,000).

(4) Significant pending litigations

CIMC Raffles, a subsidiary of the Company, entered into drilling platform construction contracts with relevant purchasers, and the platform had been delivered to them in 2015. The purchasers believed that the deliverables could not fulfill the technical requirements written in the construction contract, hence they asked CIMC Raffles to pay them compensation amounted to US$2,000,000. As of 30 June 2016, the final result of the litigation has not been reached. The management expected there is high risk to pay the compensation, hence they decided to accrue a provision of estimated liabilities valued US$2,000,000 (equivalent to RMB13,262,000).

13. COMMITMENTS

Significant commitments

(1) Capital commitments

Unit: RMB thousand

	30 June 2016	31 December 2015
Fixed assets purchase contracts entered into but not performed or performed partially	**4,097**	10,657
External investment contracts entered into but not performed or performed partially	**78,734**	556,006
Vessels manufactured for sales or lease	**254,150**	383,489
External investments approved by the Board	**3,216**	10,029
Total	**340,197**	960,181

The Group's share of the joint ventures' own commitments for capital expenditure at the balance sheet date is as follows:

Unit: RMB thousand

	30 June 2016	31 December 2015
Buildings, machinery and equipment	**3,216**	10,029

(2) Operating lease commitments

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

Unit: RMB thousand

	30 June 2016	31 December 2015
Within 1 year (inclusive)	**53,578**	45,565
Over 1 year but within 2 years (inclusive)	**26,758**	32,499
Over 2 years but within 3 years (inclusive)	**25,568**	20,454
Over 3 years	**55,984**	70,025
Total	**161,888**	168,543

Operating lease recognised as profit or loss in January to June 2016 was RMB44,177,000 (January to June 2015: RMB65,711,000).

14. SUPPLEMENTARY INFORMATION

Return on Net Assets and Earnings Per Share

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

Unit: RMB

	Weighted average return on net assets (%)		Earnings per share			
			Basic earnings per share		Diluted earnings per share	
	January to June 2016	January to June 2015	**January to June 2016**	January to June 2015	**January to June 2016**	January to June 2015
Net profit attributable to ordinary shareholders of the Company	**(1.64%)**	6.59%	**(0.1444)**	0.5681	**(0.1444)**	0.5627
Net profit attributable to ordinary shareholders of the Company after deducting non-recurring profit or loss	**(2.11%)**	4.92%	**(0.1861)**	0.4245	**(0.1861)**	0.4202

15. EVENTS AFTER THE BALANCE SHEET DATE

(1) On 31 May 2016, the Company considered and approved the Resolution on the Registration and Issuance of Medium Term Notes (including Perpetual Medium Term Notes) and Super & Short-term Commercial Papers in the PRC at the annual general meeting of 2015 which, among others, approved the issuance by the Company of RMB medium term note with a size of not more than RMB6.0 billion. On 11 August 2016, the Company issued the first tranche of the Medium Term Note for 2016 with a size of RMB3.5 billion, a coupon rate of 3.07% and a term of three years. On 22 August 2016, the Company issued 2016 Tranche II Medium Term Notes with a size of RMB2.5 billion, a coupon rate of 3.15% and a term of three years. For relevant information, please refer to the announcements (Notice No.: [CIMC] 2016-033 and [CIMC] 2016-045) disclosed in China Securities Journal, Securities Times, Shanghai Securities News, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) and the announcements published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk) by the Company on 1 June 2016, 13 August 2016 and 23 August 2016, respectively.

(2) On 18 August 2016, the Company signed a strategic cooperation framework agreement with Global Logistic Properties Investment Management (China) Co., Ltd.. Under the Agreement, both parties intend to jointly develop their logistic properties business and forge a comprehensive strategic partnership based on their relevant strategic resources, so as to achieve benefits from complementary advantages and powerful alliances. For relevant information, please refer to the announcement (Notice No.: [CIMC] 2016-047) disclosed in China Securities Journal, Shanghai Securities News, Securities Times, Cninfo website (www.cninfo.com.cn) and the Company's website (www.cimc.com) by the company on 19 August 2016, and the relevant announcement published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk), respectively.

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

Hong Kong, 30 August 2016

As at the date of this announcement, the Board comprises 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.