THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in **CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.**, you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

CIMC 中集

CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.
中國國際海運集裝箱(集團)股份有限公司
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2039)

(1) PROPOSED ADJUSTMENTS TO THE NON-PUBLIC ISSUANCE OF A SHARES AND EXTENSION OF THE VALIDITY PERIOD OF THE AUTHORISATION; (2) GENERAL MANDATE TO ISSUE SHARES; AND (3) PROPOSED FINAL DIVIDEND PAYMENT FOR 2016

CIRCULAR IS TO PROVIDE THE SHAREHOLDERS OF CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD. WITH INFORMATION REGARDING, AMONG OTHERS, (1) THE PROPOSED ADJUSTMENTS TO THE NON-PUBLIC ISSUANCE OF A SHARES AND EXTENSION OF THE VALIDITY PERIOD OF THE AUTHORISATION; (2) GENERAL MANDATE TO ISSUE SHARES; (3) THE PROPOSED FINAL DIVIDEND PAYMENT FOR 2016 SO THAT THE H SHAREHOLDERS OF CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD. CAN MAKE INFORMED DECISIONS REGARDING THEIR VOTING ON THE RESOLUTIONS TO BE PROPOSED AT THE 2016 AGM AND THE FIRST CLASS MEETING OF H SHAREHOLDERS FOR 2017.

The 2016 AGM, the first class meeting of A Shareholders for 2017 and the first class meeting of H Shareholders for 2017 will be held at Ming Wah International Convention Centre, No. 8, Gui Shan Road, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC in sequence from 2:30 p.m. on Friday, 9 June 2017, respectively. Notices of the 2016 AGM and the first class meeting of H Shareholders for 2017 setting out the resolutions to be considered and, if thought fit, approved at the 2016 AGM and the first class meeting of H Shareholders for 2017, together with respective forms of proxy and reply slips have been despatched to the Shareholders on 21 April 2017.

Whether or not you are able to attend the 2016 AGM and/or the first class meeting of H Shareholders for 2017, you are requested to complete and return the forms of proxy despatched to the Shareholders on 21 April 2017 in accordance with the instructions printed thereon, as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the 2016 AGM and/or the first class meeting of H Shareholders for 2017 (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2016 AGM and/or the first class meeting of H Shareholders for 2017 (or any adjournment thereof) should you so wish.

10 May 2017

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In this circular, unless the context requires otherwise, the following expressions have the following meanings:

"2015 AGM"	the 2015 annual general meeting of the Company held on 31 May 2016;
"2015 Profits Distribution Plan"	the 2015 profits distribution plan of the Company approved by the Shareholders at the 2015 AGM;
"2016 AGM"	the 2016 annual general meeting of the Company to be held at Ming Wah International Convention Centre, No. 8, Gui Shan Road, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC on Friday, 9 June 2017;
"2016 Circular"	the circular of the Company dated 25 April 2016 in relation to, among other things, the proposed Non-public Issuance of A shares;
"2016 Class Meetings"	the first class meeting of A Shareholders for 2016 and the first class meeting of H Shareholders for 2016 held by the Company on 31 May 2016;
"2016 General Mandate"	the general mandate granted to the Board at the 2015 AGM;
"2017 A Shareholders' Class Meeting"	the first class meeting of A Shareholders for 2017 to be convened by the Company on Friday, 9 June 2017 to consider and, if thought fit, approve, among other things, the Proposed Adjustments to the Non-public Issuance of A Shares and extension of the validity period of the Authorisation;
"2017 Class Meetings"	the 2017 A Shareholders' Class Meeting and the 2017 H Shareholders' Class Meeting;
"2017 H Shareholders' Class Meeting"	the first class meeting of H Shareholders for 2017 to be convened by the Company on Friday, 9 June 2017 to consider and, if thought fit, approve, among other things, the Proposed Adjustments to the Non-public Issuance of A Shares and extension of the validity period of the Authorisation;
"2017 General Mandate"	the general mandate to be granted to the Board at the 2016 AGM;

"A Share(s)"	the domestic share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Shenzhen Stock Exchange and traded in RMB;
"A Shareholder(s)"	the holder(s) of A Share(s);
"Articles of Association"	the articles of association of China International Marine Containers (Group) Co., Ltd.;
"Authorisation"	the authorisation granted to the Board by the Shareholders at the 2015 AGM and 2016 Class Meetings, to handle all matters in relation to the Non-public Issuance of A Shares to such extent as permitted by the relevant laws and regulations and the resolutions at the general meeting in the best interest of the Company for a period of 12 months commencing from 31 May 2016;
"Average Trading Price"	the average trading price of A Shares during the 20 trading days preceding the Price Determination Date (equals to the total turnover of A Shares over the 20 trading days preceding the Price Determination Date/the total trading volume of A Shares over 20 trading days preceding the Price Determination Date);
"Board"	the board of Directors of the Company;
"Company"	China International Marine Containers (Group) Co., Ltd. (中國國際海運集裝箱(集團)股份有限公司), a joint stock limited company established in the PRC with limited liability, the A Shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Hong Kong Stock Exchange;
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會);
"Director(s)"	the director(s) of the Company;
"Group"	the Company and its subsidiaries;
"H Share(s)"	the overseas-listed foreign share(s) of the Company with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars;

"H Shareholder(s)"	the holder(s) of H Share(s);
"H Share Registrar"	Computershare Hong Kong Investor Services Limited;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Issuance Price"	the issuance price of A Shares to be issued under the Non-public Issuance of A Shares;
"Latest Practicable Date"	3 May 2017, being the latest practicable date for the purpose of ascertaining information in this circular prior to its printing;
"Non-public Issuance of A Shares" or "Issuance"	the proposed issuance of new A Shares to the subscribers by the Company at the Issuance Price;
"PRC"	the People's Republic of China excluding, for the purposes of this circular, except where to the context required, does not apply to Hong Kong, the Macau Special Administrative Region and Taiwan;
"Price Determination Date"	the price determination date of the proposed Non-public Issuance of A Shares;
"Proposed Adjustments to the Non-public Issuance of A Shares" or "Proposed Adjustments"	the proposed adjustments to the Price Determination Date, the Issuance Price, the number of A Shares to be issued and the extension of the validity period of the resolutions of the Non-public Issuance of A Shares;
"RMB"	Renminbi yuan, the lawful currency of the PRC;
"SFO"	Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong);
"Share(s)"	the share(s) of the Company, including the A Share(s) and the H Share(s);

"Shareholder(s)"	the holder(s) of Share(s) of the Company, including A Shareholder(s) and H Shareholder(s);
"trading day"	a day on which the Shenzhen Stock Exchange is open for dealing or trading in securities; and
"%"	per cent.

	2017
Latest time for lodging transfers of the H Shares to qualify for attendance and voting at the 2016 AGM and 2017 H Shareholders' Class Meeting	4:30 p.m. on Tuesday, 9 May
H Share register closed	From Wednesday, 10 May to Friday, 9 June (both days inclusive)
Latest date for lodging reply slips for the 2016 AGM and 2017 H Shareholders' Class Meeting	Friday, 19 May
Latest time for lodging the forms of proxy for the 2016 AGM and 2017 H Shareholders' Class Meeting	2:30 p.m. on Thursday, 8 June
2016 AGM and 2017 H Shareholders' Class Meeting	2:30 p.m. on Friday, 9 June
H Share register re-open	Monday, 12 June

CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.
中國國際海運集裝箱(集團)股份有限公司
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 2039)

Board of Directors:
Non-executive Directors
Mr. WANG Hong *(Chairman)*
Mr. WANG Yuhang *(Vice Chairman)*
Mr. WANG Zhixian
Mr. LIU Chong

Executive Director
Mr. MAI Boliang

Independent non-executive Directors
Mr. PAN Chengwei
Mr. PAN Zhengqi
Mr. WONG Kwai Huen, Albert

Legal Address, Registered Address and Address of Head Office:
8th Floor,
CIMC R&D Centre,
2 Gangwan Avenue,
Shekou, Nanshan District,
Shenzhen,
Guangdong, the PRC

To the Shareholders

Dear Sirs

(1) PROPOSED ADJUSTMENTS TO THE NON-PUBLIC ISSUANCE OF A SHARES AND EXTENSION OF THE VALIDITY PERIOD OF THE AUTHORISATION; (2) GENERAL MANDATE TO ISSUE SHARES; AND (3) PROPOSED FINAL DIVIDEND PAYMENT FOR 2016

I. INTRODUCTION

References are made to (1) the announcement of the resolutions of the first meeting in 2017 of the eighth session of the Board of the Company dated 28 March 2017 in relation to, among other things, proposed annual profit distribution for 2016 and proposed dividend payment; (2) the announcement of the Company dated 21 April 2017 in relation to the Proposed Adjustments to the Non-public Issuance of A Shares and extension of the validity period of the Authorisation; and (3) the announcement of the notice of the 2016 AGM dated 21 April 2017 and the announcement of the notice of the first class meeting of H Shareholders for 2017 dated 21 April 2017.

The purpose of this circular is to provide you with (1) further details of the Proposed Adjustments to the Non-public Issuance of A Shares and extension of the validity period of the Authorisation; (2) further details of the 2017 General Mandate; and (3) further details of the proposed final dividend payment for 2016 and other information, so that you can make informed decisions regarding your voting on the resolutions to be proposed at the 2016 AGM and 2017 H Shareholders' Class Meeting.

II. PROPOSED ADJUSTMENTS TO THE NON-PUBLIC ISSUANCE OF A SHARES AND PROPOSED EXTENSION OF THE VALIDITY PERIOD OF THE AUTHORISATION

(I) Proposed Adjustments to the Non-public Issuance of A Shares

The application of the Non-public Issuance of A Shares has been accepted by the CSRC. However, the related resolutions approved by the Shareholders at the 2015 AGM and 2016 Class Meetings will expire on 30 May 2017. In order to proceed with the application of the Non-public Issuance of A Shares, the Board proposed to make the Proposed Adjustments, details of which are set out as follows.

1. Price Determination Date and Issuance Price

As stated in the 2016 Circular, the Issuance Price under the Non-public Issuance of A Shares shall not be less than 90% of the Average Trading Price.

The Price Determination Date will be adjusted to the date of the announcement of the Board's resolutions regarding the Proposed Adjustments to the Non-public Issuance of A Shares, i.e., 21 April 2017 (the Price Determination Date before the adjustment: 9 April 2016).

Without any adjustment to the abovementioned pricing principle, the Issuance Price will be adjusted to no less than RMB15.31 per A Share accordingly, being 90% of the Average Trading Price, i.e., RMB17.00 per A Share (the original Issuance Price: no less than RMB13.86 per share, which was adjusted to no less than RMB13.64 per share upon implementation of the 2015 Profits Distribution Plan).

The Issuance Price will be adjusted accordingly in cases of ex-rights or ex-dividend matters such as distribution of dividend, dividend payout, placement of shares, bonus issuance and conversion of capital reserve into share capital during the period from the Price Determination Date to the date of the completion of the Non-public Issuance of A Shares.

After obtaining the relevant approval from the CSRC, the Board shall determine the final Issuance Price based on the authorisation granted by the Shareholders at the general meeting, after consultation with the sponsor (lead underwriter), having regard to prices offered by subscribers, following the price priority principle.

2. Number of A Shares to be issued

Along with the abovementioned adjustment to the Issuance Price and without any adjustment to the total amount of the gross proceeds to be raised from the Non-public Issuance of A Shares, the number of A Shares to be issued will be adjusted to no more than 391,900,718 A Shares (inclusive) (the original number of A Shares to be issued: no more than 386,263,593 A Shares (inclusive), which was adjusted to no more than 392,493,651 A Shares (inclusive) upon implementation of the 2015 Profits Distribution Plan).

To the extent of the issuance above, the Board and its authorised representative(s) shall determine the number of A Shares to be issued in accordance with the authorisation granted by the Shareholders at the general meeting and the relevant requirements of *Detailed Implementation Rules for the Non-Public Issuance of Stocks by Listed Companies* (《上市公司非公開發行股票實施細則》) and based on the bid prices offered by the subscribers after consultation with the sponsor (lead underwriter). The gross proceeds to be raised will not exceed RMB6.0 billion.

The number of A Shares to be issued will be adjusted according to the gross proceeds to be raised, ex-rights or ex-dividend Issuance Price in cases of ex-rights or ex-dividend matters such as distribution of dividend, dividend payout, placement of shares, bonus issuance and conversion of capital reserve into share capital during the period from the Price Determinate Date to the date of the completion of the Non-public Issuance of A Shares.

3. The validity period of the resolutions in respect of the Non-public Issuance of A Shares

The validity period of the resolutions in respect of the Non-public Issuance of A Shares approved at the 2015 AGM and 2016 Class Meetings is proposed to extend for a period of 12 months and expire on 30 May 2018.

(II) Proposed Extension of the Validity Period of the Authorisation

The resolutions regarding the Authorisation were approved by the Shareholders at the 2015 AGM and 2016 Class Meetings, based on which the Authorisation is valid for a period of 12 months commencing from 31 May 2016 and will expire on 30 May 2017. Since the validity period of the Authorisation is about to expire and the Company will continue to proceed with the Non-public Issuance of A Shares, the Board resolved the proposed extension of the validity period of the Authorisation for another 12 months up to 30 May 2018 to ensure the smooth progress of the Non-public Issuance of A Shares. Other matters in respect of the Authorisation remain unchanged.

Save for the Proposed Adjustments to the Non-public Issuance of A Shares and the proposed extension of the validity period of the Authorisation, other matters in respect of the proposed Non-public Issuance of A Shares remain unchanged. For details of the Plan for the Non-public Issuance of A Shares (Revision) and the Feasibility Report on Use of Proceeds from the Non-public Issuance of A Shares (Revised in 2017), please refer to Appendix I and Appendix II to this circular.

(III) Impact of Dilution of Current Returns Resulting from the Non-public Issuance of A Shares (After the Proposed Adjustments) on Key Financial Indicators of the Company, Corresponding Remedial Measures Adopted and Undertakings made by the Directors and Senior Management in Relation to the Remedial Measures

The Company has considered the impact of dilution of current returns resulting from Non-public Issuance of A Shares (after the Proposed Adjustments) on the key financial indicators of the Company and devised corresponding remedial measures. For further details, please refer to Appendix III to this circular. The Directors and senior management have made undertakings in relation to the remedial measures.

(IV) Effects of the Non-public Issuance of A Shares (After the Proposed Adjustments) on the Shareholding Structure of the Company

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Non-public Issuance of A Shares (after the Proposed Adjustments), assuming that 391,900,718 A Shares will be issued under the Proposed Adjustments and there are no other changes to the shareholding structure:

	As at the Latest Practicable Date		**Immediately after the completion of the Non-public Issuance of A Shares (after the Proposed Adjustments)**	
	Number of Shares in issuance	*% (approx.)*	*Number of Shares in issuance*	*% (approx.)*
A Shares				
– Existing A Shares	1,262,691,577	42.38	1,262,691,577	37.46
– New A Shares to be issued	–	–	391,900,718	11.63
H Shares	1,716,576,609	57.62	1,716,576,609	50.91
Total	**2,979,268,186**	**100.00**	**3,371,168,904**	**100.00**

Note: The percentages shown are rounded to the nearest 2 decimal places.

(V) Reasons for and Benefits of the Non-public Issuance of A Shares and the Proposed Adjustments

The Directors believe that the Non-public Issuance of A Shares will benefit the Company in respect of its business operation and financial position. The proceeds from the Issuance can be used as additional capital investment in the areas from R&D, production, supply chain, marketing to global market expansion to better promote the business development of the Company, enhance the industry chain and cope with industry cyclical fluctuations. The Non-public Issuance of A Shares will provide additional working capital, which in turn may benefit the Company by reducing financial risks and optimising its overall financial position. Accordingly, the Directors consider that the Non-public Issuance of A Shares is in the interest of the Company and the Shareholders as a whole. The Directors further consider that the Proposed Adjustments to the Non-public Issuance of A Shares are aim to proceed with the application and the implementation of the Non-public Issuance of A Shares and are the compliance with the requirements of the related regulations, and therefore, are in the interest of the Company and the Shareholders as a whole.

(VI) Fund Raising Activities in the Past Twelve Months

The Company had not conducted any fund raising activities during the 12 months immediately before the Latest Practicable Date.

(VII) Implications of the Hong Kong Listing Rules

The Proposed Adjustments to the Non-public Issuance of A Shares and the proposed extension of the validity period of the Authorisation shall be subject to the approvals by the Shareholders at the 2016 AGM and 2017 Class Meetings.

In accordance with the relevant requirements under Chapter 19A of the Hong Kong Listing Rules and the Articles of Association, the Proposed Adjustments to the Non-public Issuance of A Shares is subject to the approval by the Shareholders by way of a special resolution at the 2016 AGM, and by the A Shareholders and H Shareholders by way of a special resolution at the 2017 A Shareholders' Class Meeting and 2017 H Shareholders' Class Meeting respectively. The notices of 2016 AGM and 2017 H Shareholders' Class Meeting have been despatched to the Shareholders on 21 April 2017. None of the Shareholders has material interest in the Proposed Adjustments to the Non-public Issuance of A Shares, therefore no Shareholder is required to be abstained from voting at the 2016 AGM and the 2017 Class Meetings.

III. PROPOSED GENERAL MANDATE TO ISSUE SHARES

At the 2015 AGM, the Board was granted the 2016 General Mandate to issue Shares to exercise the general power of the Company to allot, issue and otherwise deal with the Shares not exceeding 20% of the aggregate nominal amount of its share capital in issue as at the date of the 2015 AGM. The 2016 General Mandate will lapse upon expiration of the 12-month period from the date of approval of relevant resolution at the 2015 AGM unless renewed. As at the Latest Practicable Date, the Company has not exercised the 2016 General Mandate.

In order to ensure flexibility and to give discretion to the Directors in the event that it becomes desirable to issue any shares, a special resolution will be proposed at the 2016 AGM to grant the unconditional general mandate to the Board that during the relevant period under the general mandate, to separately or concurrently issue, allot and deal with additional A Shares and H Shares of not more than 20% of each of its existing A Shares and H Shares in issue as at the date of the relevant resolution to be proposed and passed at the 2016 AGM.

As at the Latest Practicable Date, the Company's issued share capital comprised 1,716,576,609 H Shares and 1,262,691,577 A Shares. Therefore, subject to the granting of the 2017 General Mandate to be approved and assuming that no additional Shares will be issued prior to the 2016 AGM, the Board will be entitled to issue a maximum of 343,315,321 H Shares and 252,538,315 A Shares, respectively.

The 2017 General Mandate, upon approval at the 2016 AGM, will remain in effect until the earliest of (i) the conclusion of the next annual general meeting of the Company following the passing of this resolution; (ii) the expiration of the 12-month period following the passing of this resolution at the 2016 AGM; or (iii) the date on which the 2017 General Mandate set out in this resolution is revoked or varied by a special resolution of the Shareholders at a general meeting.

The Board shall comply with pertinent provisions of the Hong Kong Listing Rules, the Articles of Association and applicable PRC laws and regulations when exercising powers pursuant to the 2017 General Mandate. Notwithstanding the granting of the 2016 General Mandate, the Company is still required to seek the Shareholders' approval at the general meeting for the issuance of any A Shares according to pertinent PRC laws and regulations, but exempt from Shareholders' approvals at the class meeting of A Shareholders and the class meeting of H Shareholders.

For further details of the 2017 General Mandate, please refer to the Notice of 2016 AGM of the Company dated 21 April 2017.

IV. PROPOSED FINAL DIVIDEND PAYMENT FOR 2016

The Board has resolved to recommend payment of a cash dividend of RMB0.06 (tax inclusive) per Share for the year ended 31 December 2016 to the A Shareholders and H Shareholders whose names appear on the register of members of the Company at the close of business on the respective record dates subject to the Shareholders' approval at the 2016 AGM as an ordinary resolution. The proposed dividend is expected to be payable on or around 20 July 2017. For further details on the final dividend for 2016, please refer to the Company's announcement dated 28 March 2017. Further announcement(s) regarding the respective record dates for A Shareholders and H Shareholders will be made by the Company in due course.

V. 2016 AGM, 2017 CLASS MEETINGS AND CLOSURE OF H SHARE REGISTER

The 2016 AGM, 2017 A Shareholders' Class Meeting and 2017 H Shareholders' Class Meeting of the Company will be held successively at 2:30 p.m. on Friday, 9 June 2017 at Ming Wah International Convention Centre, No. 8 Gui Shan Road, Shekou, Nanshan District, Shenzhen, Guangdong, the PRC to consider and, if thought fit, pass, among others, (i) the Proposed Adjustments to the Non-public Issuance of A Shares and proposed extension of the validity of the Authorisation; (ii) the 2017 General Mandate; and (iii) the proposed final dividend payment for 2016. The notices of the 2016 AGM and 2017 H Shareholders' Class Meeting of the Company containing the proposed resolutions have been despatched to the Shareholders on 21 April 2017.

The reply slips and proxy forms for use at the 2016 AGM and 2017 H Shareholders' Class Meeting respectively were despatched to the H Shareholders on 21 April 2017 together with the notices of the 2016 AGM and 2017 H Shareholders' Class Meeting. The relevant notices, reply slips and proxy forms were also published on the website of the Hong Kong Stock Exchange (www.hkexnews.hk). If you intend to attend the 2016 AGM/2017 H Shareholders' Class Meeting, you are requested to complete and return the reply slips in accordance with the instructions printed on the reply slip not later than Friday, 19 May 2017.

The H Shareholders who intend to appoint proxies to attend the 2016 AGM and 2017 H Shareholders' Class Meeting are requested to complete and return the proxy forms in accordance with the instructions printed thereon and return the same to the H Share Registrar of the Company at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 24 hours before the time fixed for the meetings or adjourned meetings (as the case may be). Completion and return of the proxy form will not preclude you from attending and voting in person at the 2016 AGM and 2017 H Shareholders' Class Meeting or any adjournment thereof should you so wish.

Closure of H Share Register

The register of members of H Shares will be closed from Wednesday, 10 May 2017 to Friday, 9 June 2017 (both days inclusive), during which no transfers of H Shares will be effected. The H Shareholders who intend to attend the 2016 AGM/2017 H Shareholders' Class Meeting must deliver the Shares and registration documents to the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Tuesday, 9 May 2017. The holders of H Shares whose names appear on the register of members of the Company at the close of business on Tuesday, 9 May 2017 are entitled to attend and vote at the 2016 AGM and 2017 H Shareholders' Class Meeting upon completion of the registration.

Voting by Poll

Pursuant to Rule 13.39(4) of the Hong Kong Listing Rules and Article 124 of the Articles of Association, all votes of the Shareholders at the 2016 AGM and 2017 Class Meetings must be taken by poll.

VI. RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the view that the resolutions in respect of, among other things, (i) the Proposed Adjustments to the Non-public Issuance of A Shares and proposed extension of the validity period of the Authorisation; (ii) the general mandate to issue shares; and (iii) the proposed final dividend payment for 2016 to be put forward at the 2016 AGM are in the best interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) are of the view that the resolution in respect of, among other things, the Proposed Adjustments to the Non-public Issuance of A Shares and proposed extension of the validity period of the Authorisation to be put forward at the 2017 H Shareholders' Class Meeting is in the best interest of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote at the 2016 AGM and 2017 H Shareholders' Class Meeting in favour of the resolutions contained in the notices thereof.

Yours faithfully,
By order of the Board
CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.
WANG Hong
Chairman

10 May 2017

The Plan for the Non-public Issuance of A Shares (Revision) is written in Chinese. The English translation is provided for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

PLAN FOR THE NON-PUBLIC ISSUANCE OF A SHARES (REVISION) OF CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD.

STATEMENT OF ISSUER

1. The Board and all the Directors of China International Marine Containers (Group) Co., Ltd. ("CIMC" or the "Company") hereby ensure the truthfulness, accuracy and completeness of the contents of the plan for the Non-public Issuance of A Shares (the "Plan") and confirm that the Plan is free of false records, misleading statements or material omissions.

2. The Company assumes the liabilities for any changes in operation and revenue of the Company after the Non-public Issuance of A Shares. Any investment risks arising from the Non-public Issuance of A Shares shall be borne by the investors.

3. The Plan is the statement of the Board of the Company on the Non-public Issuance of A Shares, and any contradictory statement constitutes misinterpretation.

4. Investors shall consult their stock brokers, solicitors, professional accountants or other professional advisers for any questions and doubts.

5. Matters mentioned in the Plan do not represent any substantive judgment, confirmation, authorisation or approval from the approving authorities regarding the Non-public Issuance of A Shares. Effect and completion of the matters relating to the Non-public Issuance of A Shares mentioned in the Plan shall be subject to approval or authorisation by relevant approving authorities.

SPECIAL NOTES

1. The matters relevant to the Plan for the Non-public Issuance of A Shares (the "Issuance", "Non-public Issuance" or "Non-public Issuance of A Shares") by China International Marine Containers (Group) Co., Ltd. were considered and approved at the third meeting in 2016 of the seventh session of the Board of the Company held on 8 April 2016 and the second meeting in 2017 of the eighth session of the Board of the Company held on 21 April 2017, respectively, but are still subject to the consideration and approval at the Shareholders' General Meeting, class meeting of A Shareholders and class meeting of H Shareholders of the Company and the approval of the CSRC.

2. The Non-public Issuance of A Shares is targeted at no more than 10 investors including securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified offshore institutional investors and other qualified investors including domestic institutional investors and individual investors that meet the relevant conditions in compliance with the provisions of the CSRC. The subscribers are determined pursuant to the Detailed Implementation Rules for the Non-Public Issuance of Stocks by Listed Companies and based on the bid prices offered by the subscribers and according to the price priority principle upon obtaining the written approval of the Issuance from the CSRC by the Board in accordance with the authorisation granted by the Shareholders' General Meeting of the Company. A securities investment fund management company subscribing through over two funds managed by it will be regarded as one subscriber. Trust investment companies may only pay the subscription price with their own funds. The final subscribers will be determined by the Board and the sponsor (lead underwriter) after obtaining the written approval for the Issuance from the CSRC, having regard to the bid prices offered by the subscribers and based on the price priority principle. All subscribers shall subscribe the A Shares under the Issuance at the same price in cash. The subscribers shall be in compliance with the laws and regulations.

3. The Price Determination Date of the Issuance is the date of the announcement of the Board meeting's resolutions in connection with Proposed Adjustments to the Non-public Issuance of A Shares (i.e. 21 April 2017). The Issuance Price will be not less than RMB15.31 per Share, i.e. 90% of the Average Trading Price of A Shares of the Company over the 20 trading days preceding the Price Determination Date of the Issuance.

   The Issuance Price will be adjusted accordingly in cases of ex-rights or ex-dividend matters such as distribution of dividend, dividend payout, placement of shares, bonus issuance and conversion of capital reserve into share capital during the period from the Price Determination Date to the date of completion of the Issuance.

   The actual Issuance Price shall be determined in accordance with the authorisation granted by the Shareholders' General Meeting upon obtaining the written approval for the Issuance from the CSRC after consultation with the sponsor (lead underwriter) in connection with the Issuance based on the bid prices offered by the subscribers and according to the price priority principle.

4. The number of Shares under the Issuance shall be no more than 391,900,718 Shares (including 391,900,718 Shares). To the extent of the Issuance mentioned above, the actual number of Shares to be issued shall be determined by the Board in accordance with the authorisation granted by the Shareholders' General Meeting upon obtaining the written approval for the Issuance from the CSRC after consultation with the sponsor (lead underwriter) pursuant to the Detailed Implementation Rules for the Non-Public Issuance of Stocks by Listed Companies and based on the bid prices offered by the subscribers. The number of Shares under the Issuance will be adjusted based on gross proceeds and ex-rights or ex-dividend issue price in cases of ex-rights or ex-dividend matters such as distribution of dividend, dividend payout, placement of shares, bonus issue and conversion of capital reserve into share capital during the period from the price determination date of the Issuance to the date of completion of the Issuance.

5. The aggregate proceeds to be raised from the Non-public Issuance will be up to RMB6.0 billion, and the net amount of the Raised Proceeds, after deduction of the issuance expenses, will be utilized to fund the following projects :

Unit: RMB10,000

No.	**Project name**	**Total investment in the project**	**The amount of the Raised Proceeds utilized in the project**
1	Capital Increase Project of Financing Leasing Co., Ltd.	200,000	200,000
2	CIMC Fenggang Logistics Equipments Manufacturing Project (Phase I)	95,689	59,342
3	Relocation Project of Qingdao CIMC Special Reefer Co., Ltd. (Phases I)	27,080	11,667
4	Multimodal Transport Company Project	10,000	7,800
5	Zhihui Garden Project of Songshan Lake (Phases I, II and III)	82,048	44,987
6	Zhigu Project of Songshan Lake (Phases II, III and IV)	100,000	96,204
7	Replenishing working capital	180,000	180,000
Total		**694,817**	**600,000**

Before receiving proceeds from the Issuance, the Company will finance these projects through self-funded capital in accordance with the progress of the projects. The funds will be replaced upon the receipt of proceeds in accordance with relevant laws and regulations.

If the net proceeds raised are lower than the proposed proceeds to be invested in the above projects, the Company shall pay the shortfall through self-financing. The Board may, based on the actual net proceeds, adjust and eventually decide the projects to the invested in, investment priorities and investment amount into each project, in conformity with the relevant laws and regulations.

6. All subscribers shall subscribe the A Shares under the Issuance at the same price in cash. All of the Shares to be subscribed by the subscribers shall not be transferred within 12 months from the completion of the Issuance and shall be subject to the requirements of the CSRC and the Shenzhen Stock Exchange upon expiry.

7. The Company did not have and will not have any de facto controller before and after the Non-public Issuance. The Non-public Issuance will not involve any change in control over the Company, or cause the Company to violate the public float requirement.

8. To safeguard the interest of the existing and new Shareholders, after completion of the Issuance, all the existing and new Shareholders after the Issuance will be entitled to the accumulated but undistributed profits of the Company proportionate to their shareholding in the Company after completion of the Issuance.

9. It's the Company's usual practice of focusing on the balance between Shareholders' return and the future business development. Pursuant to the relevant requirements of the Notice Regarding Further Implementation of Cash Dividends Distribution by Listed Companies (Zheng Jian Fa [2012] No. 37) and Listed Companies Regulatory Guidance No. 3 – Cash Dividends Distribution of Listed Companies (CSRC Announcement [2013] No. 43), the Company considered and approved the Resolution regarding the Amendments to the Articles of Association of China International Marine Containers (Group) Co., Ltd. and Resolution regarding the Preparation of the Shareholders' Return Plan for the Coming Three Years (2016-2018) of China International Marine Containers (Group) Co., Ltd. at the third meeting in 2016 of the seventh session of the Board of the Company held on 8 April 2016, in order to further refine the profit distribution policy of the Company. The effect of the above resolutions is subject to the consideration and approval at the Shareholders' General Meeting.

Investors are advised to pay attention to the description of the profit distribution policy, the cash distribution in the latest three years and the arrangement for the undistributed profits of the Company in "Section V Profit Distribution Policy of the Company and its Implementation" of this Plan.

DEFINITIONS

For the Non-public Issuance of A Shares, unless the context requires otherwise, the following abbreviations shall have the following meanings:

Issuer, Company, CIMC, Group	China International Marine Containers (Group) Co., Ltd.
China Merchants Group	China Merchants Group Limited
COSCO Container Industries Limited	COSCO Container Industries Limited. As at 31 December 2016, COSCO SHIPPING Development Co., Ltd. held the 100% equity interests in COSCO Container Industries Limited indirectly through Long Honour Investments Limited ("Long Honour")
COSCO SHIPPING Development	China Shipping Container Lines Company Limited, which changed its name to COSCO SHIPPING Development Co., Ltd. on 18 November 2016
Southern CIMC Eastern Plant	Shenzhen Southern CIMC Logistic Equipment Manufacturing Co., Ltd.
Fenggang Project	CIMC Fenggang Logistics Equipments Manufacturing Project
CIMC Leasing	CIMC Financial Leasing Co., Ltd.
QDCSR	Qingdao CIMC Special Reefer Co., Ltd.
HCFCs	Hydro-chlorofluorocarbons, the abbreviation of a set of refrigerants that contain chlorofluorocarbons, which are mainly used to manufacture refrigerant, inflating agent and other chemical products
Board	the board of directors of China International Marine Containers (Group) Co., Ltd.
Shareholders' General Meeting	the shareholders' general meeting of China International Marine Containers (Group) Co., Ltd.
Articles of Association	the articles of association of China International Marine Containers (Group) Co., Ltd.

Non-public Issuance of A Shares, Non-public Issuance, Issuance	the non-public issuance of A Shares by China International Marine Containers (Group) Co., Ltd.
Plan	the Plan for the Non-public Issuance of A Shares by China International Marine Containers (Group) Co., Ltd.
Price Determination Date	the date of the announcement of the resolutions of the second meeting in 2017 of the eighth session of the Board of China International Marine Containers (Group) Co., Ltd.
Raised Proceeds	the proceeds raised from the Issuance
Shenzhen Stock Exchange	the Shenzhen Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Corporate Governance Guidelines for Listed Companies	the Corporate Governance Guidelines for Listed Companies of the China Securities Regulatory Commission (Zheng Jian Fa [2012] No. 1)
CSRC	the China Securities Regulatory Commission (中國證券監督管理委員會)
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
yuan, ten thousands, 100 millions	RMB ** yuan, RMB ** ten thousands, RMB ** 100 millions

Note: Any discrepancies in any table in the Plan between the total shown and the sum of the amounts listed are due to rounding.

SECTION I SUMMARY OF THE PLAN FOR THE NON-PUBLIC ISSUANCE OF A SHARES

I. General Information of the Issuer

Chinese Name	中國國際海運集裝箱(集團)股份有限公司
English Name	China International Marine Containers (Group) Co., Ltd.
Date of Establishment	14 January 1980
Registered Capital	RMB2,978,576,986 *(Note 1)*
Legal Representative	Wang Hong
Registered Address	8th Floor, CIMC R&D Center, No. 2 Gangwan Avenue, Shekou Industrial Zone, Nanshan District, Shenzhen (office)
Office Address	8th Floor, CIMC R&D Center, No. 2 Gangwan Avenue, Shekou Industrial Zone, Nanshan District, Shenzhen (office)
Business Scope	Principally engaged in the manufacture of containers, energy, chemical and liquid food equipment, offshore engineering equipment and airport facilities equipment as well as the provision of relevant services, including the design and manufacture of international standard dry containers, reefer containers, regional special containers, tank containers, 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, passenger boarding bridges, air cargo handling systems, ground vehicles with specific purpose and automatic parking system and the provision of relevant services, as well as the logistics service, real estate development, finance and other businesses
Listing Place of A Shares	Shenzhen Stock Exchange
Abbreviated Stock Name for A Shares	CIMC

A Share Stock Code	000039
Listing Date of A Shares	8 April 1994
Listing Place of H Shares	Hong Kong Stock Exchange
Abbreviated Stock Name for H Shares	CIMC, ZJHD *(Note 2)*
H Share Stock Code	2039, 299901 *(Note 2)*
Listing Date of H Shares	19 December 2012
Contact Telephone	(86)755-2669 1130
Facsimile	(86)755-2682 6579
Email Address	shareholder@cimc.com

Note 1: As at 31 December 2016;

Note 2: Both the abbreviated stock name and the stock code were only used by the original B Shareholders of the Company in the PRC in respect of their trading of H Shares of the Company after H Shares of the Company were listed on the Hong Kong Stock Exchange.

II. Background and Purpose of the Non-public Issuance

(I) Background of the Issuance

1. Implementing the national strategies set out in the "Made in China 2025" and the "13th Five Year Plan"

In May 2015, the State Council issued the action guidelines for the "Made in China 2025", which clearly points out that the manufacturing industry is the main body of the national economy, the foundation of a nation, a powerful weapon of a nation's rejuvenation and a road to a strong nation. To build a manufacturing industry with international competitiveness is the only way for China to enhance the comprehensive national strength, protect the national security and build the world power. The 13th Five-Year Plan for National Economic and Social Development of the PRC (the "13th Five Year Plan") passed at the fourth session of the 12th NPC in March 2016 clearly puts forward the strategy to build a manufacturing power. Focusing on improving the innovative capacity and basic capacity of the manufacturing industry, the strategy boosts the deep integration of information technologies and manufacturing technologies and promotes the manufacturing industry to develop toward a high-end, intelligent, green and service-oriented direction.

As a leading logistics equipment and energy equipment provider in the world, CIMC further strengthened and improved its world leading position in the industry through diversified development, business transformation and upgrading, global expansion and technical innovation, putting the national strategies set out in the “Made in China 2025” and the “13th Five Year Plan” into practice.

The action guidelines for the “Made in China 2025” also points out that China will promote the development of service-oriented manufacturing industry, guide and support manufacturing enterprises to extend their service chains, transforming from mainly providing product manufacturing to providing products and services. The establishment of financial institutions such financial companies and financial leasing companies by qualified manufacturing enterprises will be supported. Financial leasing services in relation to large manufacturing equipment and production lines will be promoted. It is recommended that manufacturing enterprises should prioritise the development of modern service sectors including logistics and finance to enhance the radiation capacity of their business.

In recent years, CIMC has been striving to develop financial leasing and other financial business, and focusing on building a manufacturing enterprise which provides comprehensive product and service solutions. Meanwhile, CIMC supports the improvement and transformation and upgrading of the manufacturing business, its principal business, through developing service-oriented business which closely connects with the industry.

2. *The major industries in which the Company operates face both opportunities and challenges resulting from the slow economic growth in China and the world*

In 2015, the global economy continued its low growth rate with slow recovery and diversified growth. Affected by factors such as the international oil price remaining at a low range, strong U.S. dollar, and the quantitative easing monetary policy implemented by the European Central Bank, America achieved recovery in its economy, the economy in the Eurozone gradually stabilised, Japan saw a slight recovery in economic downturn and the economic growth in emerging markets continued to slow down. China’s economy entered the “New Normal”, its real economy was under the pressure caused by lowering average growth rate and underwent economic restructuring, the fluctuation of RMB exchange rate intensified and RMB was under the pressure to depreciate. Under such a macroeconomic environment, improving efficiency, reducing cost and industry integration became the main tasks of cyclical industries. The major sectors such as the manufacture of containers, road transportation vehicles and energy, chemical and liquid food equipment in which the Company operates faced both opportunities and challenges. The Company integrated and optimised its existing layout of production capacity in a proactive manner and expanded business in the emerging industries with faster growth, as a result of which a structure of “manufacturing + service + finance” covering two main areas of logistics and energy has been established.

3. *The Company currently faces good development opportunities in many business areas*

(1) Containers manufacturing business

The Company's container manufacturing 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. The products of the special reefers and modular building business mainly include 53-foot inland North American containers, European wide containers, bulk containers, special reefer containers, foldable containers, modular building and other products. In 2015, due to the slowdown in global trade and the decline in growth of container trade, customer demand for containers slowed down, leading to the market demand subdued. The overall production volume of the container manufacturing industry shrank throughout the year, while the competition landscape in the industry remained relatively stable with fiercer competition. The Company's container business, under an optimised structure, adapted to the fast changing orders and markets and achieved a steady rise in market shares in the global container market. In 2016, the container business achieved a revenue of RMB11.07 billion, representing a year-on-year decrease of 47.5%, and net profits of RMB360 million, representing a year-on-year decrease of 63.5%.

As the "big ship" trend is gradually formed around the world, the average container capacity per ship will be greatly enhanced, bringing new demands and opportunities to the container industry. Amid the global economic recovery and falling international oil prices, it is expected that the global shipping market will gradually pick up, and together with the stable replacement demands of existing containers, it is expected that the demand for standard containers, reefer containers, special reefers and other containers will increase stably and as a result, the growth rate and profitability of the Company's container business will remain stable.

(2) Logistics services business

The logistics service business of the Company is committed to offering logistics solutions for customers in different industries by utilising a series of logistics equipment and technologies to improve the logistics in the industries. The Group intensified its efforts on the development of equipment logistics, multimodal transport, cross-border logistics and systemic container services. After the integration completed in 2016, the existing business lines are divided into container services, project logistics, equipment logistics and industry logistics.

In 2015, the feature of "steadily and gradually rising" was seen in operation of the domestic logistics industry. The contribution of consumption to the demand for logistics continued to improve and the international logistics demand also turned better. The logistics demand structure continued to be optimised. The Chinese logistics industry maintained better development opportunities with successive promulgation of relevant industry planning and national strategies, thorough reforms of the traditional logistics industry and quality and effectiveness improvement in the logistics industry from "Internet plus".

In 2016, the Company's logistics service business achieved a sales revenue of RMB7.13 billion, representing a year-on-year decrease of 8.6%, and net profits of RMB360 million, representing a year-on-year increase of 255.9%.

In respect of the equipment logistics business: the Company preliminarily formed a sound situation with advancement in both manufacture of "standardised equipment" and services of "professional and standardised logistics and lease" based on the strategic objectives of "manufacture + service" and intensively explored and arranged for the multimodal transport for containers. The Company also proactively explored the business mode of "Logistics + Internet", independently researched and designed a transportation platform and basically identified the positioning and operating mode of the platform. The existing platform was consolidated and a coordinative platform with the transportation platform as the core and with CIMC characteristics was preliminarily formed.

(3) Financial business

The Company's financial business is devoted to establishing a financial service system which matches the Group's strategic role as a leading manufacturer in the world, enhancing the efficiency and effectiveness of the Group's internal capital utilisation, and providing various financial measures for the Group's strategy extension, business model innovation, industrial structure optimisation and overall competitiveness enhancement.

In 2016, the Company's financial business achieved a sales revenue of RMB2.3 billion, representing a year-on-year increase of 28.5%, and net profits of RMB820 million, representing a year-on-year increase of 6.5%.

The new business volume, revenue and net profits of CIMC Leasing, an important component of the Company's financial business segment, all hit record highs in 2015. CIMC Leasing paid high concerns to the orderly progress and implementation of the Group's emerging industries and strategic projects while vigorously promoting the sustained growth of the vehicle, energy and chemical equipment leasing and other fundamental businesses.

(4) Real estate development business

On 23 July 2015, the Implementation Plan for the Construction of Qianhai & Shekou Area (Shenzhen) of China (Guangdong) Pilot Free Trade Zone was duly announced, which determined that centring around the overall objective which is to build the Qianhai Area into a demonstration area for in-depth cooperation among Guangdong, Hong Kong and Macao, a key hub for the 21st Century Maritime Silk Road, and a first mover of the new round of nationwide reform and opening-up, the Qianhai Area focuses on finance, modern logistics, information services, technology services and other strategically emerging services, to be established as a pilot and demonstration window for the opening-up of the Chinese financial industry, an important world base for trade in services and an international hub port. The Company is aiming to build the land parcel owned in the Qianhai Area into a demonstration area for maritime finance and high-end services. At present, the Company is in close negotiation with the relevant national ministries and commissions and Shenzhen Municipal Government with regard to concrete proposals on the development of the land parcel.

The first phase of the first industrial estate project of the Company – Dongguan CIMC Intelligence Valley was put into operation and a batch of famous enterprises including the headquarters of CIMC Containers and Beijing Cisri-Gaona Materials & Technology Co., Ltd. were introduced, therefore, a CIMC cloud entrepreneur service platform was established and a mode for development and operation services within the industrial park zone was preliminarily set up.

In 2016, the Company's real estate development business achieved a sales revenue of RMB720 million, representing a year-on-year decrease of 44.0%, and net profits of RMB150 million, representing a year-on-year decrease of 54.7%.

4. *The Company achieved diversified development with a high debt ratio*

Currently, the Company ranks No. 1 in the world in terms of output and sales of standard dry containers, reefer containers and tank containers, and also, the Group is one of the leading high-end offshore engineering equipment enterprises in China.

In the past decade, the Company's revenue increased from RMB30.96 billion in 2005 to RMB58.69 billion in 2015, representing a compound annual growth rate of 6.6%. Meanwhile, the Company has expanded from one single container business segment to nine main business segments including container, road transportation vehicles and energy, chemical and liquid food equipment, offshore engineering, airport facilities, logistics, finance and real estate, with the revenue from business other than the container business accounting for more than 60.0% of its total revenue. The Company is engaged in the manufacture of modern transportation equipment, energy, chemical and liquid food equipment, offshore engineering equipment and airport facilities equipment as well as the provision of relevant services, including the design, manufacture and service of international standard dry containers, reefer containers, regional special containers, tank containers, wooden container floorboards, road tank trucks, natural gas equipment and static tanks, road transportation vehicles, heavy trucks, jack-up drilling platforms, semi-submersible drilling platforms, special vessels and airport facilities. In addition, the Company is also engaged in logistics service, real estate development, finance and other businesses.

While achieving diversified development, the Company's financial leverage level kept rising as its business scale grew rapidly. As at the end of 2016, the Company's asset to liability ratio reached 68.6%, significantly higher than those of the comparable companies in the industry. In 2016, the Company's interest expenses (excluding those that were capitalised) reached RMB900 million, accounting for 53.0% of the total profits of the Company in 2016. Improving financial structure and reducing financial expenses has become one of the important measures to promote the Company's development.

Under such a context, the Company submitted the application for the Non-public Issuance of A Shares, with a view to capturing the opportunities in the capital market to replenish the Company's capital, meet the capital requirements for the business development and reduce debt ratio and operational risk, as well as the development opportunities in the container, logistics, finance, real estate and other business areas to improve the profitability of the Company.

(II) Purpose of the Issuance

1. Using the Raised Proceeds to improve the industry chain and safeguard the Shareholders' interests

In recent years, the Company proactively optimised its business layout in line with the economic restructuring around the world and in China. Besides the container business, the Company also put efforts on the development of business segments including road transportation vehicles business, energy, chemical and food equipment, offshore engineering business, logistics equipment and services, ground support equipment, fire and rescue equipment and financial leasing. The Raised Proceeds will be used to fund the Capital Increase Project of CIMC Financial Leasing Co., Ltd., CIMC Fenggang Logistics Equipments Manufacturing Project (Phase I), Relocation Project of Qingdao CIMC Special Reefer Co., Ltd. (Phase I), Multimodal Transport Company Project, Zhihui Garden Project of Songshan Lake

(Phases I, II and III) and Zhigu Project of Songshan Lake (Phases II, III and IV) and replenish working capital. The Company will use the Raised Proceeds to invest the R&D, production, supply chain, marketing and market expansion in the container, finance, real estate, logistics industries, with a view to promoting the diversified development of the Company, improving the industry chain, coping with industry cyclical fluctuations, reducing operational risk and safeguarding the Shareholders' interests.

2. *Improving the Company's capital structure and reducing its debt ratio and operational risk though refinancing*

The Company has only conducted one additional A Shares issuance in 2003 with raised proceeds of RMB1.75 billion and one additional H Shares issuance in 2015 with raised proceeds of HK$3.8 billion in addition to the two additional B Shares issuance in 1997 and 1998 since its listing in 1994. With limited equity capitals raised, the Company mainly relied on profits accumulated and debt financing to finance the capital requirements for its business development and capital expenditures. As a result, the average asset to debt ratio of the Company surpassed 65% in the past three years, which limited the Company's business expansion to a certain extent and led to higher financial expenses. Through the Non-public Issuance of A Shares, the Company is able to fund the projects invested, replenish its working capital, reduce the asset to debt ratio and financial expenses, lower its operational risk, and optimise its capital structure, thus laying a solid foundation for the long-term development of its business.

In summary, the proceeds raised from the Non-public Issuance of A Shares will be used to proactively capture the development opportunities in the container, logistics, finance, real estate and other fields, further improve the Company's operational advantages and market shares in these fields and reduce the debt ratio and operational risk, thus laying a solid foundation for promoting the strategic transformation and realising the sustainable and stable growth of the Company.

III. Targets of the Issuance and Their Relationships with the Company

The Non-public Issuance of A Shares is targeted at no more than 10 investors including securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified offshore institutional investors and other qualified investors including domestic institutional investors and individual investors.

The subscribers are determined pursuant to the Detailed Implementation Rules for the Non-Public Issuance of Stocks by Listed Companies and based on the bid prices offered by the subscribers and according to the price priority principle upon obtaining the written approval of the Non-public Issuance of A Shares from the CSRC by the Board in accordance with the authorisation granted by the Shareholders' General Meeting of the Company. All subscribers shall subscribe the Shares under the Non-public Issuance at the same price in cash.

IV. Summary of the Plan for the Non-public Issuance

(I) Class of shares to be issued and nominal value

Domestic listed RMB denominated ordinary shares (A Shares) with nominal value of RMB1.00 per share.

(II) Method and time of the Issuance

With respect to the Issuance, all A Shares will be issued to the target subscribers by way of non-public issuance at appropriate time within six months from the date of approval from the CSRC.

(III) Target of the Issuance and method of subscription

The Issuance is targeted at no more than 10 investors including securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified offshore institutional investors and other qualified investors including domestic institutional investors and individual investors that meet the relevant conditions in compliance with the provisions of the CSRC.

The subscribers are determined pursuant to the Detailed Implementation Rules for the Non-Public Issuance of Stocks by Listed Companies and based on the bid prices offered by the subscribers and according to the price priority principle upon obtaining the written approval of the Issuance from the CSRC by the Board in accordance with the authorisation granted by the general meeting of the Company. A securities investment fund management company subscribing through over two funds managed by it will be regarded as one subscriber. Trust investment companies may only pay the subscription price with their own funds. The final subscribers will be determined by the Board and the sponsor (lead underwriter) after obtaining the written approval for the Issuance from the CSRC, having regard to the bid prices offered by the subscribers and based on the price priority principle. All subscribers shall subscribe the A Shares under the Issuance at the same price in cash. The subscribers shall be in compliance with the laws and regulations.

(IV) Number of shares to be issued

The number of shares under the Issuance shall be no more than 391,900,718 shares (including 391,900,718 shares). To the extent of the Issuance mentioned above, the actual number of shares to be issued shall be determined by the Board in accordance with the authorisation granted by the general meeting upon obtaining the written approval for the Issuance from the CSRC after consultation with the sponsor (lead underwriter) pursuant to the Detailed Implementation Rules for the Non-Public Issuance of Stocks by Listed Companies and based on the bid prices offered by the subscribers. Gross proceeds shall not exceed RMB6.0 billion.

The number of shares under the Issuance will be adjusted based on gross proceeds and ex-rights or ex-dividend issue price in cases of ex-rights or ex-dividend matters such as distribution of dividend, dividend payout, placement of shares, bonus issue and conversion of capital reserve into share capital during the period from the price determination date of the Issuance to the date of completion of the Issuance.

(V) Issuance Price, Price Determination Date and pricing principle

The Price Determination Date of the Issuance is the date of the announcement of the Board's resolutions in connection with the adjustments to the plan for the Non-pubic Issuance of A Shares (i.e. 21 April 2017).

The Issuance Price under the Issuance will be not less than RMB15.31 per share, i.e. 90% of the average trading price of A Shares of the Company over the 20 trading days preceding the Price Determination Date, i.e. RMB17.00 per share (the average trading price of A Shares over the 20 trading days preceding the Price Determination Date = the total turnover of A Shares over the 20 trading days preceding the Price Determination Date/the total trading volume of A Shares over 20 trading days preceding the Price Determination Date).

The Issuance Price will be adjusted accordingly in cases of ex-rights or ex-dividend matters such as distribution of dividend, dividend payout, placement of shares, bonus issuance and conversion of capital reserve into share capital during the period from the Price Determination Date to the date of completion of the Issuance.

The actual Issuance Price shall be determined in accordance with the authorisation granted by the general meeting of the Company upon obtaining the written approval for the Issuance from the CSRC after consultation with the sponsor (lead underwriter) in connection with the Issuance based on the bid prices offered by the subscribers and according to the price priority principle.

(VI) Lock-up period of shares under the Issuance

All of the shares to be subscribed by the subscribers shall not be transferred within 12 months from the completion of the Issuance and shall be subject to the requirements of the CSRC and the Shenzhen Stock Exchange upon expiry.

The shares of the Company to be subscribed by the subscribers through the non-public issuance or shares derived from events such as share dividend distribution and capitalisation of capital reserves shall also comply with the above lock-up arrangements.

In case of discrepancies between the above lock-up arrangements and the latest regulatory opinions of the securities regulatory authorities, the subscribers shall issue an undertaking letter on lock-up period after making corresponding adjustments pursuant to the latest regulatory opinions of the securities regulatory authorities.

(VII) Place of listing

After the expiry of the lock-up period, the A Shares under the Issuance will be listed and traded on the Shenzhen Stock Exchange.

(VIII) Accumulated profit arrangement prior to the Issue

To safeguard the interest of the existing and new shareholders, after completion of the Issuance, all the existing and new shareholders after the Issuance will be entitled to the accumulated but undistributed profits of the Company proportionate to their shareholding in the Company after completion of the Issuance.

(IX) Validity period of the resolutions in respect of the Issuance

The resolutions with respect to the Issue will be valid for 12 months from the date of approval of the proposal at the general meeting.

V. Use of the Raised Proceeds

The aggregate proceeds to be raised from the Non-public Issuance will be up to RMB6.0 billion, and the net amount of the Raised Proceeds, after deduction of the issuance expenses, will be utilized to fund the following projects:

Unit: RMB10,000

No.	Project name	Total investment in the project	The amount of the Raised Proceeds utilized in the project
1	Capital Increase Project of CIMC Financial Leasing Co., Ltd.	200,000	200,000
2	CIMC Fenggang Logistics Equipments Manufacturing Project (Phase I)	95,689	59,342
3	Relocation Project of Qingdao CIMC Special Reefer Co., Ltd. (Phase I)	27,080	11,667
4	Multimodal Transport Company Project	10,000	7,800
5	Zhihui Garden Project of Songshan Lake (Phases I, II and III)	82,048	44,987
6	Zhigu Project of Songshan Lake (Phases II, III and IV)	100,000	96,204
7	Replenishing working capital	180,000	180,000
Total		**694,817**	**600,000**

Before receiving the Raised Proceeds, the Company will, depending on the actual situations of the progress of the projects, finance these projects by its self-funded capital which shall be replaced once the proceeds have been received according to procedures required by relevant regulations. If the net amount of the Raised Proceeds is less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will make up for the shortfall through its self-funded capital. Based on the actual net proceeds raised from the Issuance, the Board may adjust and eventually decide the projects to be invested in, the priorities of and the investment amount of each project, in compliance with relevant laws and regulations.

VI. Whether the Issuance to Constitute a Related Transaction

The Issuance will not constitute a related transaction.

VII. Whether the Issuance Cause Changes in Control over the Company

The Company did not have and will not have any de facto controller before and after the Non-public Issuance. The Non-public Issuance will not involve any change in control over the Company, or cause the Company to violate the public float requirement.

VIII. Progress of Approval of the Plan for the Issuance from Relevant Authorities and Pending Application and Approval Procedures

The plan for the Non-public Issuance has been considered and passed at the second meeting in 2017 of the eighth session of the Board held on 21 April 2017, subject to approval at the Shareholders' General Meeting, A shareholders' class meeting and H shareholders' class meeting of the Company and by the CSRC.

Upon obtaining the approval from the CSRC, the Company will apply for the Issuance and listing to the Shenzhen Stock Exchange and China Securities Depository and Clearing Corporation Limited, Shenzhen Branch to complete all approval procedures of the Non-public Issuance.

SECTION II ANALYSIS OF THE FEASIBILITY OF THE BOARD TO THE USE OF RAISED PROCEEDS

I. The Plan for the Use of Raised Proceeds

The aggregate proceeds to be raised from the Non-public Issuance will be up to RMB6.0 billion, and the net amount of the Raised Proceeds, after deduction of the issuance expenses, will be utilized to fund the following projects:

Unit: RMB10,000

No.	Project name	Total investment in the project	The amount of Raised Proceeds utilized in the project
1	Capital Increase Project of CIMC Financial Leasing Co., Ltd.	200,000	200,000
2	CIMC Fenggang Logistics Equipments Manufacturing Project (Phase I)	95,689	59,342
3	Relocation Project of Qingdao CIMC Special Reefer Co., Ltd. (Phase I)	27,080	11,667
4	Multimodal Transport Company Project	10,000	7,800
5	Zhihui Garden Project of Songshan Lake (Phases I, II and III)	82,048	44,987
6	Zhigu Project of Songshan Lake (Phases II, III and IV)	100,000	96,204
7	Replenishing working capital	180,000	180,000
Total		**694,817**	**600,000**

Before receiving the Raised Proceeds, the Company will, depending on the actual situations of the progress of the projects, finance these projects by its self-funded capital which shall be replaced once the proceeds have been received according to procedures required by relevant regulations. If the net amount of the Raised Proceeds is less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will make up for the shortfall through its self-funded capital. Based on the actual net proceeds raised from the Issuance, the Board may adjust and eventually decide the projects to be invested in, the priorities of and the investment amount of each project, in compliance with relevant laws and regulations.

II. Analysis of the Feasibility of the Investment in Projects Financed by the Raised Proceeds

(I) Capital Increase Project of CIMC Financial Leasing Co., Ltd.

1. Overview of the project

To improve CIMC Leasing's specialized capability and its specialized operation, the Company proposes to inject capital of RMB2.0 billion into CIMC Leasing. CIMC Leasing will build three major specialized operating platforms: 1) specialized operating platform for domestic business which mainly focuses on the businesses of domestic vehicles, energy and chemical equipment and airport facilities; 2) specialized operating platform for international business, which is positioned as a specialized operating platform of marine shipping and modular construction; and 3) specialized operating platform for third-party business, which mainly focuses on external businesses such as intelligent electronics, medical and new energy.

2. Basic information of CIMC Leasing

(1) The profile of CIMC Leasing

Company name:	CIMC Financial Leasing Co., Ltd.
Uniform social credit code:	914403007178805197
Legal representative:	MAI Boliang
Domicile:	Units A, C, D, G and H on 20th floor in Building 1, China Merchants Plaza, 1166 Wanghai Road, Shekou, Nanshan District, Shenzhen
Registered capital:	US$70 million
Date of establishment:	30 July 2007
Type of corporation:	Limited liability company (Sino-foreign joint venture)

Scope of business: financial leasing, leasing business, purchase of leased properties from domestic entities and abroad, disposal and maintenance for residual value of leased properties (on-site maintenance only), consultation for financial leasing and guarantee business and other businesses approved by competent examination and approval authorities.

(2) The shareholding structure of CIMC Leasing

As of the date of announcement of the Plan, the shareholding structure of CIMC Leasing is as follows:

Name of Shareholders	Capital Contribution (US$10,000)	Shareholding Percentage
China International Marine Containers (Group) Co., Ltd.	5,250	75.0%
China International Marine Containers (Hong Kong) Limited	1,750	25.0%
Total	**7,000**	**100.0%**

Note: China International Marine Containers (Hong Kong) Limited is a wholly-owned subsidiary of the Company.

(3) Financial position

The financial data for the last three years of CIMC Leasing is as follows:

Unit: RMB10,000

Financial items	As at 31 December 2014 (audited)	As at 31 December 2015 (audited)	As at 31 December 2016 (unaudited)
Total assets	1,189,143	2,162,195	2,281,670
Total liabilities	966,107	1,870,240	1,957,351
Total shareholders' equity	223,035	291,956	324,319

Financial items	2014 (audited)	2015 (audited)	2016 (unaudited)
Total revenue	113,068	146,266	194,987
Operating profit	47,787	65,628	74,912
Total profit	47,800	65,625	74,915
Net profit	45,658	66,893	70,084

3. Necessity of the project

(1) The financial leasing industry will become a strong driving force to enable China's economy to stabilize its growth and adjust its structure, and there is huge potential to be explored in this market

In recent years, the global leasing industry has been keeping its growth momentum, and at the same time, China's leasing sector has also seized opportunities arising from the adjustment of national policies, and the entire leasing industry is growing in a rapid way. Following the confirmation by the executive meeting of the State Council regarding the measures for stepping up the development of the financial leasing sector, in September 2015, the General Office of the State Council issued the Guiding Opinions on Accelerating the Growth of Financial Leasing Business (《關於加快融資租賃業發展的指導意見》) and the Guiding Opinions on Promoting the Healthy Development of Financial Leasing Business (《關於促進金融租賃行業健康發展的指導意見》), which have made overall planning for the growth of the financial leasing industry through reforming the system and mechanism, quickening the growth of key areas, innovating the pattern of development and strengthening the supervision and management on and after each transaction. On top of that, these documents also propose that by 2020, the market size and competitiveness of China' financial leasing industry should rank at the top of the world. This is one of the key measures the country used to deepen its financial reform, which will play a pivotal role in promoting the innovation and upgrading of various industries, increasing financing channels for medium, small and micro enterprises, driving the growth of emerging industries, serving the real economy and facilitating the adjustment in economic structure.

By the end of 2015, there are in total about 4,508 financial leasing enterprises in China, which are 2,306 more than that in 2014, representing a year-on-year increase of 104.7%. The total registered capital of the industry, denominated in RMB[1], amounts to approximately RMB1,516.5 billion, representing an increase of RMB855.4 billion, or 129.4%, compared to that of 2014. The aggregate balance of leasing contracts is around RMB4,440 billion, representing an increase of RMB1,240 billion, or 38.8%, compared to that of 2014. Under the macro environment where the domestic economy is facing continuous downward pressure, the country's financial leasing industry is making its way out with satisfying performance, and has played an important role in supporting the real economy and infrastructural construction.

1 Calculated at the exchange rate of US$1= RMB6.3

(2) Redefining the Company's strategic positioning and competitive advantages and increasing its pace to realize strategic transformation and upgrading

After three decades of development, the Company has developed into a conglomerate with diversified business portfolio. Our two major industrial eco-groups which feature the provision of equipment and services in logistics and energy areas have gradually come into shape. Leveraging on the physical industrial operations of the Company, CIMC Leasing have progressively grown into a mature enterprise after seven years of operation. Through rendering financial leasing services and extension of the service chain, the Company has integrated its financial services and physical products into systematic solutions which together become the Company's core competitiveness. Financial leasing, a special business model that integrates capital and equipment in one service, has gradually demonstrated the Group's marketable advantages in attracting business orders. In addition, as the economic leverage that affects the key elements of the Group's various industrial segments, our financial leasing business has become the core of the Company's industrial system, covering all business segments of the Group. Through our financial leasing business, the Company is able to access and grasp information on client's demand for both physical products and financial services, and these information can be shared within the Group and enable the cross-sale of related products.

(3) Enlarging the size of capital base is the key factor in promoting the rapid development of the financial leasing business

As a capital-intensive industry, the business scale of a financial leasing company largely depends upon its capital strength. The table below shows the registered capital of the top ten financial leasing enterprises across the country by the end of 2015:

Table: The list of China's top ten financial leasing enterprises
(in the sequence of the amount of registered capital)

Ranking	Company	Registered capital (RMB100 million)
1	International Far Eastern Leasing Co., Ltd. (遠東國際租賃有限公司)	114.45
2	ICBC Financial Leasing Co., Ltd. (工銀金融租賃有限公司)	110.00
3	CBD Leasing Co., Ltd. (國銀金融租賃有限公司)	95.00

Ranking	Company	Registered capital (RMB100 million)
4	Ping An International Financial Leasing Company Limited (平安國際融資租賃有限公司)	93.00
5	CCB Financial Leasing Corporation Limited (建信金融租賃有限公司)	80.00
6	Shandong Chenming Financial Leasing Co., Ltd. (山東晨鳴融資租賃有限公司)	77.00
7	Pu Hang Leasing Co., Ltd. (浦航租賃有限公司)	76.60
8	Shanghai Bank of Communications Financial Leasing Co., Ltd. (交銀金融租賃有限責任公司)	70.00
9	Changjiang Leasing Co. Limited (長江租賃有限公司)	67.90
10	Shanghai Jin Hao Yang Financial Leasing Co., Ltd. (上海金昊陽融資租賃有限公司)	63.00

Source: China Leasing Union (中國租賃聯盟), Tianjin Binhai Financial Leasing Research Institute (天津濱海融資租賃研究院)

Note: The registered capital of foreign-owned leasing enterprise is converted into RMB at the average exchange rate of US$1=RMB6.3.

The table above reveals that the amounts of the registered capital of fellow enterprises are much higher than CIMC Leasing, while the registered capital of CIMC Leasing is just RMB441 million[2]. According to Provision 22 of the Measures on Supervising and Managing Financial Leasing Enterprises (《融資租賃企業監督管理辦法》) (Shang Liu Tong Fa [2013] No. 337) issued by the Ministry of Commerce, the risk assets of a financial leasing enterprise should not exceed 10 times of its total net assets. The business scale of CIMC Leasing's financial leasing business is directly affected by its total capital. Therefore it deems necessary to increase the capital of CIMC Leasing in order to promote its healthy and rapid development, lower its leverage ratio and guarantee the smooth implementation of CIMC Leasing's strategy to "enhance the Company's overall corporate value through financial synergy as well as facilitate the industrial upgrades of its equipments manufacturing segment through operational synergy".

2 Calculated at the exchange rate of US$1= RMB6.3

4. *Feasibility of the project*

(1) Developing projects through investment of raised funds is in line with the growth direction encouraged by national and local industrial policies

In September 2015, the General Office of the State Council issued the Guiding Opinions on Accelerating the Growth of Financial Leasing Business (《關於加快融資租賃業發展的指導意見》) and the Guiding Opinions on Promoting the Healthy Development of Financial Leasing Business (《關於促進金融租賃行業健康發展的指導意見》), according to which, financial leasing enterprises are encouraged to grow bigger and stronger in conventional areas such as aircrafts, ships and engineering machinery. Also, financial leasing enterprises are encouraged to step up their efforts to explore strategic emerging industrial markets such as the new-generation of information technologies, high-end equipment manufacturing, new energy, energy conservation and environmental protection and biotechnology. Moreover, these companies are encouraged to engage in urban and rural public services, the construction of infrastructure facilities of sewage treatment plant, and the active and proper development of the household consumer goods leasing market.

The Company is specialized in the "logistics and energy" industries; specifically, it has profound expertise and capabilities in container business, transportation vehicles, energy and chemical equipment segments. In recent years, CIMC Leasing keeps on promoting business synergy with a variety of the Company's industrial segments.

(2) China's economy has entered into the "New Normal" stage, which has created more opportunities for the growth of the financial leasing industry; the implementation of new national strategies has laid a solid foundation for the Company to grow its financial leasing business

Today, China's economy has entered into the state of "New Normal". Financial reforms, including interest rates liberalization, the lift of the ban on operating banking business with private capital, Internet finance and the supervision and management of the bottom line functions, are still in progress; the diversified and multi-level financial market system is further optimized; the momentum brought about by financial innovation is growing which in turn stimulates economic growth. All of these have created a new golden era for the development of financial leasing industry.

In recent years, the scale of China's financial leasing industry is expanding rapidly; however, compared to that of developed countries, our market penetration rate is still at a lower level, which means that there is still huge potential for development.

(3) The adequacy of financial leasing projects guarantees that the Raised Proceeds will be effectively used

As a value-added service, CIMC Leasing has fully integrated into the value chain of the Company's entire industrial segments, facilitated the sale of products of the Group's main businesses through its financial leasing service and provided clients with perfect financial solutions. As the general contractor who provides financial services for business areas such as containers, transportation vehicles, energy and chemical equipment as well as modular construction, CIMC Leasing has spread its business network across Asia, Americas, Europe, Australia and other major markets, it has strong customer base which will contribute to the industrial upgrading and strategic transformation of CIMC Group.

(4) The risk management system of CIMC Leasing is the key basis that helps realize the value of financial services for its clients, and CIMC Leasing will build its risk control system with CIMC's characteristics

Under the relevant supervision and requirements of the financial leasing industry, CIMC Leasing will keep on improving its comprehensive risk management system, promoting its comprehensive risk management culture and maximizing the Group's revenue as its goal. Also, CIMC Leasing will adhere to its risk preference of making progress while maintaining stability, allocate assets reasonably into different groups according to their respective industry nature of risks and returns, transfer risks to other parties to the greatest extent and ensure that the general risk exposure is covered to the extent of the aggregate amount of capital. By making reference to the risk management system under the New Basel Capital Accord, the Company has taken a number of measures to control risks in the entire process of each leasing transaction, set up effective system of risk evaluation, control and tracking, and effectively controlled business risks through stringently regulating the management of key processes including project investigation and evaluation, the implementation of risk control measures, signing of contracts and follow-up work after leasing. A sound risk control system is essential for CIMC Leasing to identify risks in potential projects, enhance its ability to resist risks and guarantee the smooth roll out of its projects.

5. *Investment estimation of the project*

The total investment of this project amounts to RMB2.0 billion. The entire proceeds of RMB2.0 billion will be used for the capital increase in CIMC Leasing.

6. Economic benefits of the project

Upon implementation of the project, the financial leasing business is expected to achieve satisfactory growth. Compared with 2015, it is expected that the operating income of the Company will increase by approximately RMB311.51 million in 2017. Taking into consideration the investment gains of RMB371.11 million from the disposal of the vessel leasing business of the Company in 2015, and after deducting the relevant impact, the net profit of the financial leasing business in 2017 will increase by approximately RMB213.61 million as compared with that in 2015.

7. Approval matters

Depending on the implementation progress of the project, using this proceeds raised by the Company for the capital increase in CIMC Leasing may involve the filing formalities with the development and reform authority and the approving and filing formalities with the commerce regulatory authority.

(II) CIMC Fenggang Logistics Equipments Manufacturing Project (Phase I)

1. Overview of the project

This project is implemented by Dongguan Southern CIMC Logistic Equipment Manufacturing Co., Ltd. (東莞南方中集物流裝備製造有限公司), a wholly-owned subsidiary of CIMC. The total investment for Phase I amounts to RMB956.89 million. The CIMC Fenggang Logistics Equipments Manufacturing Project (the "Fenggang Project") aims to build the new generation of container manufacturing base in Fenggang, Dongguang, i.e., CIMC Fenggang Logistics Equipments Manufacturing Base, and to further consolidate the solid foundation of CIMC's container business in Guangdong Province.

2. Necessity of the project

In recent years, along with China's effort to promote industrial transformation and upgrading, the traditional container manufacturing segment of CIMC has faced both opportunities and challenges. In response to the adjustment by the government in Pingshan New District of its economic development plan and the policy adjustment of the governmental environment protection department, and in order to further improve the industrial competitiveness of the container manufacturing business of CIMC, the Company needs to re-deploy and re-plan its three existing container production lines.

3. Feasibility of the project

The feasibility of the Fenggang Project for manufacturing the standard dry cargo containers depends mainly on market feasibility and the feasibility of project site which both have significant impact on the economic efficiency of the project.

(1) Market feasibility

From the perspective of global market demands, along with the continuous improvement in global integration and the containerization rate of cargo transportation, the global trade and container demand have been growing steadily over the past decades. In recent years, the volume of global trade has continued to grow, though at a slower pace. From the perspective of market structure, the global market share of CIMC's standard dry cargo containers has maintained at approximately 50% for a long time, which was attributable to the huge demand for containers from the Pearl River Delta Region, which is a global manufacturing hub and an import & export trade center in China. The strategic positioning of the Fenggang Project, which will be constructed in several phases in future, is to gradually replace the existing production capacity of the Eastern Factory (東部工廠) of Southern CIMC Container. The Group will strategically give priority to the utilization of the production capacity of the Fenggang Project, so as to ensure the availability of strong product demand for utilization of its container manufacturing capacity.

(2) Location feasibility

Located to the southeast of Dongguan City, Fenggang Town has certain geographic advantages over its competitors due to its close proximity to the project's future port intended for the delivery of raw material (Huizhou-Aotou port) and the port intended for the delivery of empty containers (Shenzhen Yantian Port). Meanwhile, Dongguan, being a major global manufacturing hub, also has relatively strong industrial agglomeration and industrial supporting capacity. In addition, owing to its export-oriented economy, Dongguan is the main source of container supply in southern China. Due to Fenggang's geographical location in the center of Pearl River Delta Region, business dealers can not only easily transport their products to the rest of the world through the ports of Hong Kong and Pearl River Delta Region but also tap on the well-developed transportation network and regional advantage in Dongguan, allowing them to arrange for the products to be sold to the domestic markets in South China as well as other parts of China.

4. Investment estimation of the project

The total investment of Phase I of the project amounts to RMB956.89 million, including RMB363.47 million of land consideration, investment of RMB530.53 million in fixed assets and investment of RMB62.89 million in initial working capital. The proceeds of RMB593.42 million will be used for this project and the shortfall will be funded by the Company's own funds.

5. Economic benefits of the project

The total investment of the project amounts to RMB956.89 million and the internal return rate of this project is expected to be approximately 16.4%. The static payback period (including the construction phase) is approximately 5.6 years.

6. Approval matters

We have obtained the State-owned Land Use Rights Certificates, Land Planning Permit and the review opinions on the Energy Efficiency Assessment Report in connection with the implementation of the project. We are now in the process of updating the project registration. In addition, we still need to obtain the Planning Permit for Construction Works, the Construction Works Commencement Permit, the Environmental Impact Assessment Approval, and etc.

(III) Relocation Project of Qingdao CIMC Special Reefer Co., Ltd. (Phase I)

1. Overview of the project

This project is implemented by Qingdao CIMC Special Reefer Co., Ltd. (the "QDCSR"), a wholly-owned subsidiary of CIMC.

Qingdao CIMC Special Reefer Co., Ltd. has been relocated to CIMC Qingdao Cold Chain High-Tech Industrial Park (中集青島冷鏈高新技術產業園) where a new special reefer container factory, production lines and ancillary facilities will be constructed to achieve an annual production capacity of 20,000 units of special reefer containers. The total investment of Phase I of this project amounts to RMB270.80 million. The total accumulative investment amounts to RMB154.13 million. The proceeds of RMB116.67 million will be used for this project. Upon completion, the facilities are expected to achieve an annual production capacity of 10,000 units of special reefer containers.

2. Necessity of the project

(1) The project was required to be relocated according to governmental land planning.

The original factory site where QDCSR was located has been short-listed in the government's relocation plan and was required to be relocated within the prescribed period.

(2) Taking advantage of preferential policies

In September 2007, at the COP 29th meeting of Multilateral Fund held in Montreal, countries reached a consensus about accelerating the phase-out process of HCFCs. Developed countries pledged to continue providing financial support to the developing countries with respect to the phase out of HCFCs. According to the provisions of the amended Montreal Protocol and based on the average production and consumption between 2009 and 2010, the production and consumption of HCFCs will be gradually diminished year by year until it's fully phased out in 2030, for which, the State Administration of Environmental Protection of the PRC has launched the first phase-out plan, imposing a ban on the consumption of HCFC-141b for the three major industries such as refrigerators and freezers, refrigerated containers and small appliances (electric water heaters and disinfecting cabinets, etc.) as well as sub-sectors under larger enterprises in early 2015. World Bank collaborated with the Chinese government in an effort to encourage enterprises to phase out the HCFC-141b. On 5 March 2013, QDCSR entered into a contract related to the phase-out project with Environmental Protection Ministry of Foreign Cooperation Center (環保部環境保護對外合作中心). The Company, having been requested by the government to relocate QDCSR, is contemplating a relocation plan for QDCSR.

3. *Feasibility of the project*

(1) Market feasibility

i. The global market of special reefer container shows a rising trend

Special reefer container products are non-standard containers created to meet the needs for a particular area or special functions. Due to the differences in road standards in various regions throughout the world, standard containers can not meet the special needs for its warehousing and transportation, resulting in the demands for customized and containerized products from customers. Over the past ten years, the market demands for reefer container have been soaring dramatically. On the one hand it is partly because of the remarkable resilience of the market after the financial crisis, leading to the increased demands for customized products from customers. On the other hand, the repaid developments of rail transport, offshore transport, multimodal transport have tremendously driven the growing demands for the special reefer containers. It's expected that the market demand for special reefer containers will be on the rising trend.

ii. QDCSR enjoys a competitive edge in the market with satisfactory operating results

QDCSR products can be found throughout the global market with a primary focus in North America, Europe, Australia, Japan, Korea and China. The main products for each region differ significantly.

Founded in 2004 and with over 10 years of continuous development, QDCSR has achieved a significant growth in sales with profitability at a higher level, accounting for nearly half of the market share of the world's special reefer container market.

In summary, the capacity design of QDCSR is tailored to meet the mid-to-long term market demand and the products of QDCSR satisfy the criteria of market feasibility.

(2) Location feasibility

QDCSR has been relocated to Jiaozhou economic and technological development zone with Jinan-Qingdao Expressway to the north, Jiaozhou Bay Expressway to the south and Qingdao International Airport to the east. Compared to the old factory, the new location of the project is closer to Qianwan port, which has the highest container throughput per year in the PRC, effectively saving transportation costs.

4. Investment estimation of the project

The total investment of this project amounts to RMB270.80 million, including RMB22.42 million of land consideration, investment of RMB223.52 million in plant and equipment and investment of RMB24.86 million in initial working capital, among which RMB154.13 million has been paid and the planned proceeds to be raised amounted to RMB116.67 million.

5. Economic benefits of the project

The total investment of this project amounts to RMB270.80 million. The internal return rate of this project is expected to be approximately 28.0% and the static payback period (including the construction phase) is approximately 5.1 years.

6. Approvals matters

The State-owned Land Use Rights Certificates, the project approval, the Environmental Impact Assessment, energy-saving registration, Land Planning permit, Planning Permit for Construction Works and Construction Works Commencement Permit have been obtained.

(IV) Multimodal Transport Company Project

1. Overview of the project

The project will be implemented by CIMC Multimodal Transport Development Co., Ltd., a subsidiary of CIMC, with a planned total investment of RMB100.00 million. The project aims to: 1) maximize the Group's comprehensive advantages in brand, equipment, finance and services and promote widespread application of CIMC's products in multimodal transport; 2) utilize the advanced Internet technologies to link different modes of transport so as to increase logistic efficiency and reduce costs; and 3) establish a CIMC-featured domestic multimodal transport platform and eventually turn it into an "industry + Internet" multimodal transport platform.

2. Establishment of the company

Name:	CIMC Multimodal Transport Development Co., Ltd.
Uniform social credit code:	91440300MA5D9HFX9H
Legal representative:	Huang Tianhua
Domicile:	Room 201, Building A, 1 Qianwanyi Road, Shenzhen-Hong Kong Cooperation Zone, Qianhai, Shenzhen City (occupied by Shenzhen Qianhai Commercial Secretary Co., Ltd.)
Registered capital:	RMB100.00 million
Date of establishment:	29 March 2016
Type of corporation:	limited liability company

Scope of business: Domestic and international freight agency and supply chain management; purchase, sale, lease and maintenance of logistic equipment and related accessories; domestic trade, sale of lubricants, sale of steel and import & export (excluding franchized, controlled, monopolized goods); loading & unloading; (projects subject to approval by law, operational activities subject to approval of the relevant authorities); coal wholesale and operation and rail transport; warehousing; normal cargo, dedicated cargo transport (container), dedicated cargo transport (cold storage), special cargo transport (tank), bulk transport.

As at the date of announcement of the Plan, the shareholders of the company were as follows:

Company name	Capital contribution (RMB10,000)	Shareholding percentage
Shenzhen CIMC Investment Co., Ltd.	2,400	24.0%
CIMC Containers Holding Co., Ltd.	2,300	23.0%
CIMC Modern Logistics Co., Ltd.	2,300	23.0%
Shenzhen Maitian United Enterprise Management Partnership (Limited Partnership)	2,000	20.0%
Qianhai CIMC leasing (Shenzhen) Co., Ltd.	1,000	10.0%
Total	**10,000**	**100.0%**

Shenzhen CIMC Investment Co., Ltd., CIMC Containers Holding Co., Ltd., CIMC Modern Logistics Co., Ltd. and Qianhai CIMC leasing (Shenzhen) Co., Ltd. are all wholly-owned subsidiaries of the Company. Shenzhen Maitian United Enterprise Management Partnership (Limited Partnership) is a shareholding platform of the management of CIMC Multimodal Transport Development Co., Ltd.

3. *Necessity of the project*

(1) Importance and urgency for CIMC to develop multimodal transport business

The lack of choices of the mode of transport is a major cause of the soaring logistic costs in China. Firstly, connection between different modes of transport remained inefficient; secondly, the lack of big data platform has led to poor allocation of transportation capacity. Multimodal container transport is an advanced stage of development of logistics, and is considered as an important symbol of modernization of cargo transport worldwide. At present, the centre of global multimodal transport industry is shifting to China, with that in China poised to take off. China's State Council issued the Medium-and -long-term Planning for Development of Logistics Industry (2014-2020) in September 2014, confirming that China will: 1) accelerate the construction of multimodal transport facilities, build up capacity-matching gathering and evacuating transport channels, introduce modern forwarding facilities and establish multimodal transport information platform; 2) complete the railway and highway gathering and evacuating transport facilities near the ports and improve the transport capacity of nearby railway stations and channels after the stations; 3) promote the construction of dedicated railways, exert the function of the railway container central station and promote the construction of container stations in the inland cities and ports; 4) build up a road transport network that matches the capacity of the railway, air and road freight stations; and 5) develop ocean-rail transport, rail-water transport, road-rail transport and road-air transport, and accelerate water-rail bulk transport, container multimodal transport, actively organize vessel transportation featuring stem-branch direct reach and river-sea direct reach, explore the multimodal transport systems, e.g. piggyback transport with semi-trailer as standard load cell and roll-on-roll-off transport.

Standardized logistic equipment is essential for the development of multimodal transport, the logistic equipment of the Group accumulated over 30 years of development will certainly become a crucial force in propelling the development of multimodal transport in China. Meanwhile, a good catch-up with the trends of multimodal transport will bring about historic opportunities for CIMC to systematically cater for the needs of the industry and promote the upgrade of logistic equipment industry.

(2) Multimodal transport is a new business that requires synergy of the Group's resources in many segments

Over many years of development, the Company has built up a solid base for the development of multimodal transport. Different from previous logistic modes, multimodal transport is an ecosystem that requires participation by many parties, and requires a variety of resource combinations to form an overall value. At present, a highly developed and effective multimodal transport has not yet taken shape, with many problems, such as transport channels, core hubs and business models waiting to be resolved. In order to take hold of the business opportunities and exert influence within the multimodal transport system, we must combine the power of multiple segments to develop our multimodal transport business, and capitalize the competitive advantages of CIMC.

4. Feasibility of the project

The Company, as a multimodal transport integrator, will provide logistic solutions throughout the process, while exploiting CIMC's existing advantages and integrating social resources as a complement to organize and implement logistic solutions.

Active exploitation of the opportunities arising from the reform of railway freight transport is a good entry point for developing our multimodal transport business. We will actively exploit CIMC's comprehensive strengths in branding, equipment, finance and services, and enter into cooperation with the railway authorities in transport channel development and cargo forwarding, and promote extensive use of CIMC's products in multimodal transport, and introduce Internet technologies to link different modes of transport, improve logistic efficiency, reduce logistics costs and build a multimodal transport platform in China prominent with CIMC's characteristics.

5. Investment estimation of the project

The total investment of this project amounts to RMB100.00 million, comprising of the investment of RMB84.00 million in purchasing special logistic equipment, the investment of RMB14.00 million in the construction of information and positioning system platform and the investment of RMB2.00 million as the start-up cost. The proceeds of RMB78.00 million will be used for this project.

6. Economic benefits of the project

The total investment of this project amounts to RMB100.00 million. This project is expected to realize a net margin approximately of 4.0% by 2017.

7. Approval matters

No issues are to be submitted for approval at this stage of the project.

(V) Zhihui Garden Project of Songshan Lake (Phases I, II and III)

1. Overview of the project

The plot of CIMC's Songshan Lake Industry Park is to be developed into three zones, namely Zone A, Zone B and Zone C. Among them, Zone A accommodates Phase I of Songshan Lake Intelligence Valley, and has become the headquarters of CIMC's container business; Zone B accommodates Zhihui Garden Project of Songshan Lake, which is a supporting project for Songshan Lake High-tech Industry Park ("Songshan Lake High-tech Park") of Dongguan, Guangdong, PRC; Zone C accommodates Phase II, III, IV and V of Zhigu Project of Songshan Lake, and is intended to provide commercial facilities, such as R&D buildings, for the High-tech Park.

Phase I, II and III of Zhihui Garden Project of Songshan Lake is to be implemented by a subsidiary of the Company, Dongguan CIMC Innovation Industrial Park Development Co., Ltd (東莞中集創新產業園發展有限公司), which covers a site area of about 66,600 sq.m. and a floor area of about 182,600 sq.m. The total investment of this project amounts to approximately RMB820.48 million. Upon completion, the project will provide residential and supporting facilities for Songshan Lake High-Tech Park, which will help attract enterprises and talent into Songshan Lake High-Tech Park and promote the overall development of it.

2. *Necessity of the project*

In recent years, with the expanding presence of CIMC in Dongguan, its operations in Songshan Lake High-tech Park has become one of the focuses of its future development. The relocation of businesses and population to Songshan Lake has driven up the needs for housing there. As a supporting housing project, Zhihui Garden Project of Songshan Lake is playing an increasingly important role in completing the supporting facilities, satisfying the growing housing demand, creating an amicable environment for the moved-in people and enterprises in Songshan Lake High-tech Park.

Songshan Lake High-tech Park is divided, from North to South, into the Northern Zone, Central Zone, Taiwan High-tech Park and the South Zone in accordance with its function distribution. Among them, the Northern Zone is the area for high-tech industries and R&D platforms; the Central Zone is for education, R&D, biotechnology, new energy and new materials, the IC design industry and high-tech innovation; Taiwan High-tech Park is a theme park for Taiwanese high-end industrial projects; and the Southern Zone is for the R&D headquarters, financial services, cultural creation and biotechnology industries. With the accelerated development of the Southern Zone, the needs of the moved-in enterprises and residents for supporting facilities have to be met urgently, and the Project will be able to mitigate the shortage of housing facilities.

3. *Feasibility of the project*

(1) Good investment environment

The project is located in Dongguan City, Guangdong Province, which is known for its rapid economic development. According to its industrial planning, Dongguan plans to build "one core zone, three economic belts and five industrial clusters". Among them, the five industrial clusters contain Songshan Lake High-tech Park. Songshan Lake High-tech Park was established in November 2001 with the approval of the People's Government of Guangdong Province, and became a national high-tech development zone in September 2010 with the approval of the State Council. As a key part of

Dongguan's main urban area, it is intended to be build as an example of scientific development, a pioneer area for transformation and upgrading and the technology centre for industrial transformation in the Pearl River Delta and even China, providing an example for exploring new models of scientific development in Guangdong Province. After more than 10 years of development, Songshan Lake High-tech Park has become the centre of high-end electronic information, bio-technology industries and modern service industry through introducing high-level and research-oriented companies. Due to its geographic location, the project in Songshan Lake High-tech Park will directly benefit from the favourable investment environment and achieve substantial return on investment.

(2) Project location advantages

The project is located in Songshan Lake High-tech Park, adjacent to the urban area of Dongguan city and Tongsha Eco-Park, which is in the geographic centre of Dongguan. The project enjoys convenient transport to the nearby freeway entrances, and is within one-hour travelling distance to the urban area of Dongguan city, Guangzhou, Shenzhen, Hong Kong, Zhuhai, Zhongshan and Huizhou.

(3) Remarkable economic advantages of the project

The project enjoys greater advantages in the land price compared to the average market rates of the residential land in Songshan Lake area. With the development of Songshan Lake High-tech Park and the expanding presence of CIMC in Dongguan, there will be a large number of people moving in the Park, which will provide a strong customer base for the implementation of the Project. At the same time, with the development of Southern Zone of Songshan Lake High-tech Park, the supporting facilities around the Project will quickly emerge and commercial atmosphere will grow up, making up for the lack of supporting facilities. In sum, the Project will bring good returns on investment for CIMC.

4. Investment estimation of the project

The total investment of the project is RMB820.48 million, or RMB558.01 million after deducting the land consideration of RMB262.47 million. RMB262.47 million has been invested in the land consideration and RMB41.20 million in the construction. The proceeds of RMB449.87 million will be used for this project.

5. Economic benefits of the project

The project is expected to achieve a sales revenue of approximately RMB1,147.18 million, with a net profit margin of 13.9%, and a return on investment of 19.3%.

6. Approval matters

With respect to Phase I of Zhihui Garden Project of Songshan Lake, the State-owned Land Use Rights Certificate, Project Registration, Land Planning Permit, Planning Permit for Construction Works, Construction Works Commencement Permit, and Environmental Impact Assessment Approval have been obtained. With respect to Phase II of Zhihui Garden Project of Songshan Lake, the State-owned Land Use Rights Certificate, Project Registration, Land Planning Permit, Approval of (Construction) Design for Construction Project and Environmental Impact Assessment Approval have been obtained; while the Planning Permit for Construction Works and Construction Works Commencement Permit are still in the process of obtaining approval. With respect to Phase III of Zhihui Garden Project of Songshan Lake, the State-owned Land Use Rights Certificate, Project Registration, Land Planning Permit and Environmental Impact Assessment approval have been obtained; the plan design is being conducted; the Approval of (Construction) Design for Construction Project, Planning Permit for Construction Works and Construction Works Commencement Permit are still in the process of obtaining approval.

(VI) Zhigu Project of Songshan Lake (Phases II, III and IV)

1. Overview of the project

The project is Zhigu Project of Songshan Lake (Phases II, III and IV), consisting three land parcels for development, being Blocks C5, C6 and C7 of CIMC Songshan Lake Industrial Park Plot C. As one of the industrial estate projects of CIMC, Zhigu Project of Songshan Lake (Phases II, III and IV) is implemented by Dongguan CIMC Innovation Industrial Park Development Co., Ltd., a subsidiary of the Company. The project is located in Songshan Lake High-Tech Park in Dongguan, Guangdong Province, which involves the proposed construction of garden villas, medium-and high-rise R&D buildings and multi-story R&D buildings as well as common ancillary service facilities. The project has a site area of approximately 72,900 square metres and a gross floor area of approximately 131,700 square metres, and its total investment amounts to RMB1 billion. The project, upon completion, will provide comprehensive commercial ancillary facilities and a convenient office and living environment for the Songshan Lake High-Tech Park, satisfying the business needs of the enterprises stationed in the Songshan Lake High-Tech Park.

2. *Necessity of the project*

(1) Facilitating the overall development of the park by satisfying the planning requirements of the park

The southern area of Songshan Lake High-Tech Park, where the project is located, is designed to be developed into an industrial park comprising of R&D headquarters, financial service, cultural innovation and biotechnology. Under the current development conditions, the enterprises stationed in the park have significant demand for ancillary service facilities such as R&D buildings, demonstrating a shortage in commercial ancillary facilities. The plan of constructing garden villas, medium-and high-rise R&D buildings and multistory R&D buildings as well as common ancillary service facilities in Zhigu Project of Songshan Lake (Phases II, III and IV) will provide a convenient office and living environment for the enterprises stationed and talents introduced in the park, highlighting the essentiality for constructing the project.

3. *Feasibility of the project*

(1) Sound investment environment created by unique location of the project

The project is located in Songshan Lake High-Tech Park in Dongguan, which is adjacent to the downtown area of Dongguan and Tongsha Ecological Park and lying in the central area of Dongguan geographically. The project is located at a convenient location with a lake view of Songshan Lake, which can be easily accessible to Guangzhou, Shenzhen, Hong Kong, Zhuhai, Zhongshan and Huizhou. Meanwhile, various well-known enterprises including the headquarter of Huawei Device have stationed in Songshan Lake High-Tech Park in Dongguan, which will facilitate the introduction of enterprises to the park and provide an important source of potential customer base for the project. The container headquarter of CIMC will also be introduced to the park, which will drive the overall development of the park leveraging on CIMC's unique industrial advantages and ensure the successful development of the project.

(2) Facilitating the overall development of the Songshan Lake Project together with other construction projects in Songshan Lake

Zhigu Project of Songshan Lake Phase II, being located at Block C5, will continue to offer garden villas as Phase I that are popular in the market, and will develop certain multi-story R&D buildings with some can be customized based on the demands of the enterprises, thus increasing the popularity of the pre-construction projects of the park. Zhigu Project of Songshan Lake Phase III, being located at Block C7, is the land parcel with the highest plot ratio in the park. After the completion of Phase I and Phase II, the development of Phase III will help to further enhance the value of the properties in the park. Zhigu Project of Songshan Lake Phase IV, being located at Block C6, is scheduled to be developed into villas and medium-and high-rise R&D buildings to better accommodate the needs of different customers. On the one hand, the construction of the project will help to enhance the commercial values of other projects of Songshan Lake; on the other hand, the construction of other projects of Songshan Lake will provide strong support for the construction of the project.

(3) Accurate positioning with rational design

The project, being positioned as one of the commercial ancillary projects in Dongguan Songshan Lake High-Tech Park, is planned to be developed into garden villas, medium-and high-rise R&D buildings and multi-story R&D buildings as well as common ancillary service facilities, so as to provide a convenient office and living environment for the enterprises stationed in the park. The enterprises have significant demand for commercial ancillary facilities after stationed in the park as the southern area of Songshan Lake High-Tech Park is relatively lack of commercial ancillary facilities. As such, accurate positioning is the cornerstone for the project to be developed successfully. Meanwhile, the land parcel where the project is located is relatively large, together with flexible product portfolio and phased development scheme of the project will also be beneficial for the project to achieve good economic returns.

In summary, the unique location, sound investment environment, accurate positioning and rational design are the important advantages of the project. With the further development of the southern park of Songshan Lake, the ancillary facilities surrounding will be gradually developed. As such, the project will bring considerable economic returns to the Company.

4. Investment estimation of the project

The total investment of the project amounts to RMB1,000 million, including land consideration of RMB37.96 million. The proceeds of RMB962.04 million will be used for this project.

5. Economic benefits of the project

The entire sales revenue of the project is expected to be approximately RMB1,319.79 million with net profit margin of approximately 11.0% and rate of return of approximately 14.6%.

6. Approval matters

The State-owned Land Use Rights Certificate and Project Registration of this project have been obtained. The company is now in the progress of obtaining the Land Planning Permit, Construction Works Design Proposal Approval (Building), Planning Permit for Construction Works, Construction Works Commencement Permit and Environmental Impact Assessment Approval.

(VII) Replenishing Working Capital

The Company plans to use up to RMB1.8 billion from the Raised Proceeds to replenish its working capital, fund the operational needs for future business development of the Company, optimize the gearing ratio of the Company, expand the financing channels of the Company and further enhance the overall profitability.

1. Meeting funding requirements arising from expansion in operation

Following the further expansion of business scale in the future, the Company will increase its demand for liquidity, thus putting funding pressure on the Company. In addition, the Company plans to focus on strategic investment and industrial consolidation in the future, which will also increase its demand for liquidity by outbound expansion. Accordingly, the proceeds of the Non-public Issuance will provide sufficient funds for the future development of the Company.

2. Lowering the level of current liabilities and reducing finance costs

In recent years, the current ratio and quick ratio of the Company have been reduced, which resulted in the deterioration in solvency for short-term debt and an increase in gearing ratio. Set out blow are the indicators of the Company's solvency for the latest three years:

Items	**31 December 2014**	**31 December 2015**	**31 December 2016**
Current ratio	1.04	0.95	1.15
Quick ratio	0.66	0.59	0.78
Gearing ratio (consolidated)	68.8%	66.6%	68.6%

The capitalized interest expenses of the Company for 2014, 2015 and 2016 was RMB753.87 million, RMB497.66 million and RMB901.86 million, respectively, representing 21.1%, 15.1% and 53.0%, respectively, of total current profits. The significant interest expenses have, to a material extent, reduced the net profit of the Company.

Part of the proceeds of the Non-public Issuance will be used to replenish the liquidity of the Company, which can mitigate the liquidity pressure arising from repayment of bank loans due, optimize the assets and liabilities structure and reduce the finance cost of the Company. All the above are in line with the business model and development requirements of the Company.

III. Impact of Non-public Issuance on Operation and Management and Financial Position of the Company

(I) Impact of Non-public Issuance on operation and management of the Company

The use of proceeds of the Non-public Issuance is in compliance with relevant national industrial policies and plans, and in line with industry trends. Upon obtaining the proceeds, the Company will be able to further enhance its core competitiveness, consolidate and enhance its competitive position. It is expected that the revenue and profit of the Company will increase, and its profitability will be further enhanced. Such enhanced capital capabilities will provide sufficient support for the Company to achieve its goal set for each sector funded by the proceeds.

(II) Impact of Non-public Issuance on financial position of the Company

Upon obtaining the proceeds, the total assets and net assets of the Company will increase, while the gearing ratio will decline. Meanwhile, the capital capabilities of the Company will be strengthened, the liquidity of the assets will be enhanced and the structure of assets and liabilities will be optimized. The financial risk of the Company will be reduced and the ability to continue as a going concern will be enhanced.

Upon obtaining the proceeds, certain financial indicators such as return on net assets and earnings per share may decrease to some extent. However, with the economic benefits gradually brought by the projects funded by the proceeds, the profitability of the Company will be enhanced in the long run.

In summary, the use of proceeds of the Non-public Issuance is in line with the relevant policies, laws and regulations, as well as the actual condition and development needs of the Company. Upon completion of the Non-public Issuance, the capital capabilities and asset scale of the Company will be increased significantly, and the ability to resist risks will be further enhanced. The use of proceeds of the Non-public Issuance will be beneficial for the future development of various businesses of the Company in the future. In the long run, it will help the Company to expand its scale and enhance its ability to continue as a going concern and profitability, thus laying the foundation for the sustainable development of the Company.

SECTION III THE BOARD'S DISCUSSION AND ANALYSIS ON THE IMPACT OF THE ISSUANCE ON THE COMPANY

I. The Company's Business and Assets Consolidation Plan, the Adjustments to the Articles of Association and the Changes in Shareholder Structure, Senior Management Structure and the Business Structure

(I) The impact of the Issuance on the Company's business and assets

The proceeds from the Issuance of A Shares will be utilised for the Capital Increase Project of CIMC Financing Leasing Co., Ltd., CIMC Fenggang Logistics Equipments Manufacturing Project (Phase I), Relocation Project of Qingdao CIMC Special Reefer Co., Ltd. (Phases I), Multimodal Transport Company Project, Zhihui Garden Project of Songshan Lake (Phases I, II and III), Zhigu Project of Songshan Lake (Phases II, III and IV) and the replenishment of working capital. The Company will further enhance its presence in the relevant industry on the basis that the primary business of the Company remains unchanged following the implementation of these projects, which is conducive to improving the key competitiveness of the Company. The Company has no further assets consolidation plan for the time being after the completion of the Issuance. Therefore, the Issuance will have no material impact on the business and assets of the Company. If the Company intends to carry out material asset restructuring in the future, it will go through the approval processes and perform the obligation of information disclosure in accordance with the relevant laws and regulations governing the listed companies in the PRC.

(II) The impact of the Issuance on the Articles of Association

No more than 391,900,718 RMB denominated ordinary A Shares are proposed to be issued under the Issuance. The registered capital, total share capital and the shareholding structure of the Company will change upon the completion of the Issuance. The Company will amend the relevant provisions of the Articles of Association in accordance with the result of the Issuance and complete the procedures for the changes in industrial and commercial registration. In addition, the Company has no other plan to amend the Articles of Association

(III) The impact of the Issuance on the shareholder structure

The Issuance, when completed, will result in changes in the shareholder structure of the Company and the Company will increase the circulating A Shares with selling restrictions by the same number of shares to be issued under the Issuance. The Issuance is targeted at no more than 10 investors including securities investment fund management companies, securities companies, trust investment companies, finance companies, insurance institutional investors, qualified offshore institutional investors, other qualified investors including domestic institutional investors and individual investors that meet the provisions of the CSRC. Therefore, the shareholding proportion of the original shareholders who do not participate in the Issuance will decrease.

As at 31 December 2016, there were two substantial shareholders who held more than 20% of the total issued share capital of the Company excluding HKSCC Nominees Limited, namely China Merchants Port Holdings Company Limited, the first largest Shareholder, and COSCO Container Industries Limited, the second largest Shareholder. As at 31 December 2016, China Merchants Port Holdings Company Limited, a subsidiary of China Merchants Group, held 730,557,217 H Shares of the Company, representing 24.53% of the total issued share capital of the Company; COSCO Container Industries Limited, a subsidiary of COSCO SHIPPING Development, held 220,520,075 H Shares and 432,171,843 A Shares of the Company, representing 21.91% of the total issued share capital of the Company. Taking into consideration the Non-public Issuance of A Shares and calculating on the basis of issuance limit of 391,900,718 Shares, the shareholding of China Merchants Port Holdings Company Limited as a percentage of the total share capital of the Company following the Issuance will decrease to 21.68% and remain as the first largest Shareholder of the Company; the shareholding of COSCO Container Industries Limited as a percentage of the total share capital of the Company following the Issuance will decrease to 19.36% and remain as the second largest Shareholder of the Company. There are no natural persons, legal persons or other institutions that can control the Company by virtue of shareholding, the Articles of Association or arrangements under agreements.

Therefore, the Issuance does not involve changes in the control of the Company.

As the Shares to be issued under the Issuance shall not be transferred within 12 months from the completion of the Issuance, the Company will increase the number of Shareholders of the circulating A Shares with selling restrictions after the completion of the Issuance.

(IV) The impact of the Issuance on the senior management structure

As at the date of announcement of the Plan, the Company has no plans to adjust the senior management structure and the Issuance will not materially affect the senior management structure. If the Company intends to adjust the senior management structure, it will conduct necessary legal procedures and perform information disclosure obligations in accordance with relevant requirements.

(V) The impact of the Issuance on the business structure

Upon the completion of the Issuance, the proceeds will be used for the upgrade and expansion of the Company's existing major business and the replenishment of the Company's working capital. The Issuance will not result in material changes in the existing business structure of the Company.

II. The Changes in Financial Position, Profitability and Cash Flows of the Company upon the Completion of the Issuance

Upon the completion of the Issuance, the total assets and net assets of the Company will increase, while the gearing ratio will decline. Meanwhile, the capital capabilities of the Company will be strengthened, the liquidity of the assets will be enhanced and the structure of assets and liabilities will be optimised. The financial risk of the Company will be reduced and the ability to continue as a going concern will be enhanced.

Upon the completion of the Issuance, certain financial indicators of the Company such as earnings per share and return on net assets may decrease to some extent in the short run. However, with the economic benefits gradually brought by the projects funded by the Raised Proceeds, the profitability of the Company will be enhanced in the long run.

Upon the completion of the Issuance, the cash inflow from financing activities will increase significantly in the short run. Along with the implementation of the projects to be funded by the Raised Proceeds and the generation of benefits, cash outflows of investing activities and cash inflows of operating activities will increase. The overall cash flows of the Company will be improved.

III. The Changes in the Business Relationships, Management Relationships, Connected Transactions and Horizontal Competitions between the Company and its de facto Controllers, Controlling Shareholders as well as Connected Persons upon the Completion of the Issuance

Before the Issuance, the Company has no de facto controllers or controlling Shareholders. Upon the completion of the Issuance, the Company will still have no de facto controllers or controlling Shareholders.

As at 31 December 2016, there were two substantial shareholders who held more than 20% of the total issued share capital of the Company excluding HKSCC Nominees Limited, namely China Merchants Port Holdings Company Limited, the first largest Shareholder, and COSCO Container Industries Limited, the second largest Shareholder. As at 31 December 2016, China Merchants Port Holdings Company Limited, a subsidiary of China Merchants Group, held 730,557,217 H Shares of the Company, representing 24.53% of the total issued share capital of the Company; COSCO Container Industries Limited, a subsidiary of COSCO SHIPPING Development, held 220,520,075 H Shares and 432,171,843 A Shares of the Company, representing 21.91% of the total issued share capital of the Company. Taking into consideration the Non-public Issuance of A Shares and calculating on the basis of issuance limit of 391,900,718 Shares, the shareholding of China Merchants Port Holdings Company Limited as a percentage of the total share capital of the Company following the Issuance will decrease to 21.68% and remain as the first largest Shareholder of the Company; the shareholding of COSCO Container Industries Limited as a percentage of the total share capital of the Company following the Issuance will decrease to 19.36% and remain as the second largest Shareholder of the Company. There are no natural persons, legal persons or other institutions that can control the Company by virtue of shareholding, the Articles of Association or arrangements under agreements.

Before the Issuance, the Company operates independently from the substantial Shareholders and its connected persons in respect of business, personnel, assets, organizations and finance. Upon the completion of the Issuance, there will be no material changes in the business relationships and management relationships between the Company and substantial Shareholders as well as their connected persons. Upon the completion of the Issuance, there will be no material changes in the relationships between the Company and substantial Shareholders as well as their connected persons and no horizontal competition will emerge as a result of the Issuance.

If connected transactions occur in the future, the Company will conduct the relevant procedures in accordance with the requirements of laws and regulations, the Articles of Association and the decision-making system of connected transactions, determine the price of the connected transactions on a fair, open and just basis, and ensure the fairness of the connected transactions in order to safeguard the benefits of the Company and the non-connected Shareholders.

IV. Whether There Will Be Funds or Assets of the Company Appropriated by the Controlling Shareholders and Their Connected Persons or Guarantees Provided in favour of the Controlling Shareholders and Their Connected Persons by the Company

As at the date of announcement of the Plan, the Company has no funds or assets appropriated by the controlling Shareholders and their connected persons and no illegal guarantees have been provided in favour of the controlling Shareholders and their connected persons by the Company.

There will be no funds or assets of the Company appropriated by the controlling Shareholders and their connected persons and no guarantees will be provided in favour of the controlling Shareholders and their connected persons by the Company as a result of the Issuance.

The Company will strictly enforce the relevant national laws and regulations and eliminate illegal appropriation of funds and illegal guarantees in order to safeguard the benefits of the investors.

V. Whether the Liability Structure of the Company Will Be Reasonable and Whether There Will Be Significantly Increased Liabilities, Excessively Low Debt Ratio and Unreasonable Financial Costs as a Result of the Issuance

As at 31 December 2016, the gearing ratio in the consolidated financial statements of the Company was 68.6%, which is relatively high. The financial structure shall be improved in order to reduce the gearing ratio. Upon the completion of the Issuance, the net assets of the Company will be increased, the gearing ratio will be reduced and the financial position of the Company will be improved.

All the targets of the Issuance will subscribe in cash and there will be no material increase in the liabilities of the Company as a result of the Issuance.

SECTION IV RISKS RELATED TO THE ISSUANCE OF SHARES

I. Risks Relating to Macro Economy

Currently, the international political and economic situations are complicated and volatile, and the global economic growth is lack of powerful impetus, while the recovery and development of global economy are still subject to numerous uncertainties. Meanwhile, apart from China is facing greater pressure from economy downturn in the circumstance of the overall weak demands of trade, the depreciation trend of RMB further deepens. As the Company operates a diverse range of businesses covering both domestic and foreign markets, the abovementioned macroeconomic risks will have an impact on the implementation of domestic businesses and the promotion of overseas businesses of the Company. If the uncertainty of the international economic market continues to strengthen and the downward pressure from the domestic economic market continues to increase in the future, the Company's performance will face greater uncertainty-related risks, which will become one of the factors affecting the level of investment income of investors.

II. Risks Relating to Policy Adjustment

China's economy has entered a stage of transformation and upgrade. In response to the government's programmes put forward to deepen reform, industrial policies and regulations will be gradually adjusted, and the Company's business operation will be subject to uncertainty-related risks brought forth by those changes in industrial policies, tax policies, environmental protection policies and land policies, and real estate regulation that are closely related to business performance. Citing the road transportation vehicle business as an example, recently, China has introduced a number of strict policies to tighten the standards for the supervision and regulation of the special vehicle industry, for example, in 2014, China's Ministry of Industry and Information Technology promulgated the Regulatory Requirements on Manufacturers of Tank Trucks and Access Qualification of Relevant Products and China's Ministry of Environmental Protection published the Circular on Printing and Issuing the 2014 Implementation Solutions for the Elimination of Yellow Sticker Vehicles and Scrap Vehicles. With the introduction of several standards and regulations and the industry gradually setting on a path to standardised and transparent operation, China's special vehicle industry is facing unprecedented challenges. As one of the benchmark enterprises in the domestic special vehicle industry, the Company's road transportation vehicle business faces opportunities as well as challenges, and also takes the risks brought forth by industrial policy movements.

III. Risks Relating to Market Competition

The Company operates in an industry with high centralisation and fierce competition. In particular, the Company is confronted with fierce competition from domestic and foreign enterprises in respect of container manufacturing, road transportation vehicle, energy, chemical and liquid food equipment businesses. Due to the overall weak demands in domestic economy, industries where the Company is engaged with a number of its business segments are confronted with the situations of imbalance in supply and demand and increasingly intense price competition. Participation of new players or capacity upgrade of the existing competitors and changes to marketing strategies will change the industry's existing competition landscape.

Taking the offshore engineering segment as an example, with the decline in international oil prices, the global growth in oil and gas exploration and development is significantly slowing down, and the drilling equipment market is showing a surplus in supply and a weakness in demand. As a "strategic emerging industry" with high investment and long cycle underpinned by the state policy, domestic offshore engineering players may not only compete with overseas leading counters but also have to actively respond to the challenges brought forth by domestic traditional shipyards' entry by way of transformation. In addition, the Company's traditional manufacturing industries, such as the container manufacturing industry, are facing challenges in innovation and optimisation of equipment technology, process technology and product technology. The industry upgrade represented by the automation technology has brought both opportunities and challenges to the existing enterprises and potential entrants in the industry, and has also brought risk of market competition to the Company.

IV. Risks Relating to the Projects to Be Invested with the Raised Proceeds

The Raised Proceeds of the Company will be utilised to finance the Capital Increase Project of CIMC Financial Leasing Co., Ltd., CIMC Fenggang Logistics Equipments Manufacturing Project (Phase I), Relocation Project of Qingdao CIMC Special Reefer Co., Ltd. (Phase I), Multimodal Transport Company Project, Zhihui Garden Project of Songshan Lake (Phases I, II and III) and Zhigu Project of Songshan Lake (Phases II, III and IV), and to replenish working capital. Although the Company has conducted sufficient demonstration in respect of macro environment, industry policy, market competition and project technique basis when performing feasibility analysis on the projects to be invested with the Raised Proceeds, it may still be subject to uncertain factors including changes in macro environment, adjustments to industry policy, changes in competitive conditions and technological innovation. Meanwhile, during the course of project implementation, the Company may be confronted by uncertainties at the stages of market development, planning of marketing programmes and product promotion, and may assume risks of the market demands and product sales of the projects to be invested with the Raised Proceeds falling below expectation.

V. Risks Relating to Management

Upon completion of the Non-public Issuance, the asset scale and business scale of the Company will be further expanded, and the total number of employees will be further increased. Although the Company has established a scientific and standardised management system and the business operation is running well, yet, with the Raised Proceeds in place, the complexity of the Company's management and operation is bound to be deepened and the difficulty of the Company's risk control will increased, which would impose higher requirements on the Company's management standards. Therefore, if the Company fails to make timely and appropriate adjustments and improvements to its management system according to the actual operating conditions, the Company's development speed, operating efficiency and performance level will be directly affected.

VI. Risks Relating to Human Resource

The Company has always attached great importance to the strategic impact of human resource on the development of the Company, continuously strengthened the leadership development for high-performance organisations and teams, built innovative business teams, innovated the incentive mechanism, enhanced the competitiveness of staff compensation and capability in talents acquirement, and constantly increased investment in staff and training. However, as the business scale continues to expand, the competition in the industry becomes increasingly fierce and the labour costs soar substantially industry wide, the Company may face pressure and challenges in respect of high-end talent attraction and retaining, structural optimisation of the human resource system, etc.

In the meantime, under the influence of demographic changes in China, Chinese manufacturers are generally facing the adjustment and change of employment structure. With gradual loss of demographic dividend, China's manufacturers, especially labour-intensive enterprises, see constantly soaring labour costs. Besides, the new industrial employees raise more diversified demands beyond salary and increase expectation upon the labour environment, which impose new requirements upon human resource management of the Company and would bring risks to the sustainable development of the Company's operations.

VII. Risks Relating to the Fluctuation in Exchange Rate

The majority currency of the Company's business revenue is U.S. dollars, while most of its expenditure is made in RMB. As the exchange rates of RMB against other currencies are affected by domestic and international economy and political situations, and the demand and supply of currencies, the future exchange rates of RMB may vary significantly from the current exchange rates. Further more, as the pressure of RMB depreciation has recently increased, going forward, the range of fluctuation of exchange rates might be expanded. The Company will constantly strengthen the analysis and study on fluctuation of exchange rates and continue to adopt appropriate hedging approaches to avoid foreign exchange risk and minimise the potential adverse impact of fluctuation of exchange rates. In case of any significant fluctuation of exchange rates in the future, the Company will face risk of fluctuation in revenue and profit.

VIII. Risks Relating to the Dilution in Earnings per Share and Return on Net Assets

Upon the funds raised from the Issuance are in place, the share capital and the net assets of the Company will increase. The implementation of the investment projects financed by the Raised Proceeds will take some time, and can only achieve the expected level of return after the projects being put into operation and producing a stable income. During this period, the enlarged share capital and net assets may lead to a dilution in earnings per share and return on net assets of the Company in the short term, therefore the abovementioned indicators are exposed to risk of decrease in the short term.

IX. Risks Relating to the Fluctuation in Stock Price

Upon completion of the Non-public Issuance, there will be changes in the Company's production, operation and financial position. Changes in the Company's fundamentals will affect the price of its stock. Besides, the Company's stock price is also influenced by movements of the international political situation, national political and economic situation, national and industrial policy-based regulation and control, capital market movements, investor expectations and other factors. Any change to these factors could lead to fluctuations in stock price, and thus cause risks to investors. Therefore, investors are advised to envisage the investment risks might be caused by those factors when considering investing in Shares of the Company.

X. Risks Relating to Approval

Upon approval by resolutions of the Board of the Company, the Non-public Issuance is still subject to consideration by the Company's general meeting, as well as consideration and approval by the A Shareholders' Class Meeting and H Shareholders' Class Meeting and authorisations by CSRC. All the abovementioned approvals or authorisations are conditions precedent to the Non-public Issuance, and whether the relevant approvals or authorisations can be obtained and the timing of the final approvals and authorisation are subject to uncertainties.

SECTION V PROFIT DISTRIBUTION POLICY OF THE COMPANY AND ITS IMPLEMENTATION

I. Existing Profit Distribution Policy of the Company

According to the Notice Regarding Further Implementation of Cash Dividends Distribution by Listed Companies (Zheng Jian Fa [2012] No. 37) promulgated by the CSRC and other relevant laws and regulations, the Company held the twelfth meeting of the sixth session of the Board on 31 July 2012 and considered and approved the Resolution Regarding Deliberation on the Articles of Association of China International Marine Containers (Group) Co., Ltd. (A+H)(Draft), which was then considered and approved at the third 2012 extraordinary general meeting of the Company held on 30 August 2012. Pursuant to the amended Articles of Association, the profit distribution policy of the Company is as follows:

"Article 286 The Company adopts a continuous and stable profit distribution policy, and shall make dividend distributions in profit-making years. The Company may distribute dividend in the form of cash, bonus shares or both. In addition to annual cash dividend, the Company may also distribute interim cash dividend, provided that the accumulated cash distribution of profit for the last three years shall not be less than 30% of the average annual distributable profit of the Company of the last three years.

In the event that any adjustments or alterations are required to be made to the Company's cash dividend distribution policy as a result of new requirements of national laws and regulations and new provisions promulgated by securities regulatory authorities in relation to profit distribution policy of listed companies, as well as any material changes in external business environment or its own operating conditions, the Board shall submit a proposal to be voted on at a general meeting after the independent directors have given their independent opinions thereon and the supervisory committee has approved such proposal. The Company shall give full consideration to minority shareholders' opinions in this regard, and when convening a Shareholders' General Meeting, shall provide online voting and other channels for minority shareholders to participate in voting at such meeting. Any resolution of the Shareholders' General Meeting shall be passed by votes representing more than two-thirds of voting rights held by shareholders present at such Shareholders' General Meeting.

Any amount paid up in advance of calls on a share shall carry interest, but shall not entitle the holder of the share to receive, by way of advance payment, the dividend declared and distributed thereafter.

Article 287 The profit distribution plan of the Company shall be proposed and prepared by the Board in accordance with the provisions of these Articles of Association and the actual operating condition of the Company. When formulating and considering the profit distribution plan, especially the specific proposal on cash dividend distribution, the Board shall conduct research and analysis on certain matters such as the timing, conditions, minimum proportion and conditions for adjustment in respect of the cash dividend distribution, and the independent directors shall expressly give their independent opinions on such proposal. The profit distribution plan of the Company shall be submitted to the Shareholders' General Meeting for approval after being considered and passed by the Board. Also, minority shareholders' opinions and requests shall be fully taken into consideration when the profit distribution plan is considered at the Shareholders' General Meeting.

After the profit distribution plan has been resolved at the Shareholders' General Meeting, the Board of the Company shall complete the distribution of dividends (or shares) within two months after the meeting. The amount of cash dividends to be distributed to the holders of overseas-listed shares shall be converted from Renminbi into Hong Kong dollar at the median rate announced by the People's Bank of China on the first business day immediately following the day on which the resolution has been passed at the Shareholders' General Meeting of the Company.

The Company shall make detailed disclosures of its formulation and implementation of the cash dividend policy and the compliance thereof in its periodic reports. In the event of any adjustment or alteration to the cash dividend policy, the Company shall fully describe whether the conditions and procedures for such adjustment or alteration are compliant and transparent."

II. Profit Distribution and Arrangements for Use of Undistributed Profits in the Last Three Years

(I) Profit distribution in the last three years

Profit distribution of the Company in the last three years is as follows:

Unit: RMB10,000

Year of distribution	Amount of cash dividends (tax inclusive)	Net profit attributable to shareholders and other equity holders of the Company in the consolidated statements for the year of distribution	Proportion in the net profit attributable to shareholders of the Company in the consolidated statements (%)
2016	17,988.7	53,966.0	33.33%
2015	65,482.2	202,661.3	32.33%
2014	83,374.8	247,780.2	33.65%
Aggregate cash dividends accumulated during the last three years			166,845.7
Average net profit attributable to shareholders and other equity holders of the Company in the consolidated statements for the last three years			168,135.8
Proportion of the cash dividends accumulated during the last three years in the average net profit attributable to shareholders and other equity holders of the Company in the consolidated statements for the last three years			99.23%

(II) Use of undistributed profits in the last three years

Apart from the profits distribution plan undertaken by the Company, the accumulated and undistributed profits of the Company shall be carried forward to fund development of principal businesses in the coming years in accordance with the future development plan of the Company.

III. Shareholders' Return Plan for the Coming Three Years (2016-2018)

To further increase the transparency of the profit distribution policy of the Company, perfect and improve the decision-making and supervision system of profit distribution of the Company, ensure the continuity and stability of profit distribution, proactively generate returns to investors and steer investors towards long-term and reasonable investment, the Company considered and approved the resolution regarding the Shareholders' Return Plan for the Coming Three Years (2016-2018) of China International Marine Containers (Group) Co., Ltd. at the third meeting in 2016 of the seventh session of the Board of the Company held on 8 April 2016 in accordance with the requirements of relevant laws and regulations and the Articles of Association. The effect of such resolution is subject to consideration and approval at the Shareholders' General Meeting of the Company. Set out below are provisions of the Company's dividend distribution policy as stipulated in the abovementioned shareholders' return plan:

1. The Company adopts to distribute profits in cash, in shares or in a combination of both cash and shares or as otherwise permitted by the laws and regulations. The Company shall state the priority of cash dividends over share dividends in profit distribution.

2. Pursuant to the relevant laws and regulations such as the Company Law and the Articles of Association, where conditions for cash dividend distribution are met, coupled with the sustainable operations and long-term development of the Company, in the next three years, the Company's accumulated profit for distribution in cash shall not be less than 30% of the average annual distributable profit realized for such three years. The actual proportion of dividend distribution for each year shall be proposed by the Board based on the annual profitability of the Company and the future plan for use of proceeds.

   The Board shall take various factors into consideration, including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangements, and differentiate the following circumstances to propose a differentiated policy for cash dividend distribution pursuant to the procedures stipulated in the Articles of Association of the Company:

   (1) Where the Company is in a developed stage with no substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 80% of the total profit distribution;

(2) Where the Company is in a developed stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 40% of the total profit distribution;

(3) Where the Company is in a developing stage with substantial capital expenditure arrangements, the dividend distributed in the form of cash shall not be less than 20% of the total profit distribution;

In the case that it is difficult to distinguish the Company's stage of development but the Company has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

3. The Company may distribute profits in the form of shares to match its share capital expansion with business growth provided that the minimum cash dividend payout ratio, an optimal share capital base and shareholding structure are maintained.

4. After the end of each accounting year, the Board shall propose a profit distribution plan and submit it to the general meeting for consideration and approval. The Board may propose an interim dividend distribution depending on the then profitability, cash flows, stages of development and funding requirements of the Company. The Company is open to the advice and supervision of all the Shareholders, independent directors and the supervisory committee about the Company's distribution plans. Independent directors may solicit opinions from minority Shareholders, put forth profit distribution proposal and submit it directly to the Board for consideration and approval. Before the cash dividend distribution plan is considered at the general meeting, the Company will fully listen to the opinions and demands of minority Shareholders and timely answer questions raised by minority Shareholders.

5. After the profit distribution plan is approved at the general meeting of the Company, the Board shall distribute the dividends (or shares) within two months after such general meeting.

The Board of China International Marine Containers (Group) Co., Ltd.
21 April 2017

The Feasibility Report on Use of Proceeds from the Non-public Issuance of A Shares (Revised in 2017) is written in Chinese. The English translation is provided for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

CONTENTS

DEFINITIONS

For the Non-public Issuance of A Shares, unless the context requires otherwise, the following terms/abbreviations shall have the following meanings:

"CIMC", or "Company"	China International Marine Containers (Group) Co., Ltd.
"CIMC Leasing"	CIMC Financial Leasing Co., Ltd.
"Southern CIMC Eastern Plant"	Shenzhen Southern CIMC Logistic Equipment Manufacturing Co., Ltd.
"Fenggang Project"	CIMC Fenggang Logistics Equipments Manufacturing Project
"QDCSR"	Qingdao CIMC Special Reefer Co., Ltd.
"HCFCs"	Hydro-chlorofluorocarbons, the abbreviation of a set of refrigerants that contain chlorofluorocarbons, which are mainly used to manufacture refrigerant, inflating agent and other chemical products
"Board of Directors"	the board of directors of China International Marine Containers (Group) Co., Ltd.
"Non-public Issuance of A shares", or "Non-public Issuance", or "Issuance"	the non-public issuance of A shares by China International Marine Containers (Group) Co., Ltd.
"Raised Proceeds"	the proceeds raised from the Issuance
"yuan", "ten thousands", "100 millions"	RMB ** yuan, RMB ** ten thousands, RMB ** 100 millions

China International Marine Containers (Group) Co., Ltd. (hereinafter referred to as "CIMC" or the "Company") proposes to raise proceeds from the Non-public Issuance of A Shares, and the Board of Directors' feasibility report on use of proceeds from the Non-public Issuance of A shares is as follows:

I. THE PLAN FOR THE USE OF RAISED PROCEEDS

The aggregate proceeds to be raised from the Non-public Issuance will be up to RMB6.0 billion, and the net amount of the Raised Proceeds, after deduction of the issuance expenses, will be utilized to fund the following projects:

Unit: RMB10,000

No.	**Project name**	**Total investment in the project**	**The amount of Raised Proceeds utilized in the project**
1	Capital Increase Project of CIMC Financial Leasing Co., Ltd.	200,000	200,000
2	CIMC Fenggang Logistics Equipments Manufacturing Project (Phase I)	95,689	59,342
3	Relocation Project of Qingdao CIMC Special Reefer Co., Ltd. (Phase I)	27,080	11,667
4	Multimodal Transport Company Project	10,000	7,800
5	Zhihui Garden Project of Songshan Lake (Phases I, II and III)	82,048	44,987
6	Zhigu Project of Songshan Lake (Phases II, III and IV)	100,000	96,204
7	Replenishing working capital	180,000	180,000
Total		**694,817**	**600,000**

Before receiving the Raised Proceeds, the Company will, depending on the actual situations of the progress of the projects, finance these projects by its self-funded capital which shall be replaced once the proceeds have been received according to procedures required by relevant regulations. If the net amount of the Raised Proceeds is less than the aggregate amount of the proceeds proposed to be invested in the aforementioned projects, the Company will make up for the shortfall through its self-funded capital. Based on the actual net proceeds raised from the Issuance, the Board may adjust and eventually decide the projects to be invested in, the priorities of and the investment amount of each project, in compliance with relevant laws and regulations.

II. ANALYSIS OF THE FEASIBILITY OF THE INVESTMENT IN PROJECTS FINANCED BY THE RAISED PROCEEDS

(I) Capital Increase Project of CIMC Financial Leasing Co., Ltd.

1. Overview of the project

To improve CIMC Leasing's specialized capability and its specialized operation, the Company proposes to inject capital of RMB2.0 billion into CIMC Leasing. CIMC Leasing will build three major specialized operating platforms: 1) specialized operating platform for domestic business which mainly focuses on the businesses of domestic vehicles, energy and chemical equipment and airport facilities; 2) specialized operating platform for international business, which is positioned as a specialized operating platform of marine shipping and modular construction; and 3) specialized operating platform for third-party business, which mainly focuses on external businesses such as intelligent electronics, medical and new energy.

2. Basic information of CIMC Leasing

(1) The profile of CIMC Leasing

Company name:	CIMC Financial Leasing Co., Ltd.
Uniform social credit code:	914403007178805197
Legal representative:	MAI Boliang
Domicile:	Units A, C, D, G and H on 20th floor in Building 1, China Merchants Plaza, 1166 Wanghai Road, Shekou, Nanshan District, Shenzhen
Registered capital:	US$70 million
Date of establishment:	30 July 2007
Type of corporation:	Limited liability company (Sino-foreign joint venture)

Scope of business: financial leasing, leasing business, purchase of leased properties from domestic entities and abroad, disposal and maintenance for residual value of leased properties (on-site maintenance only), consultation for financial leasing and guarantee business and other businesses approved by competent examination and approval authorities.

(2) The shareholding structure of CIMC Leasing

As of the date of announcement of the plan, the shareholding structure of CIMC Leasing is as follows:

Name of Shareholders	Capital Contribution (US$10,000)	Shareholding Percentage
China International Marine Containers (Group) Co., Ltd.	5,250	75.0%
China International Marine Containers (Hong Kong) Limited	1,750	25.0%
Total	**7,000**	**100.0%**

Note: China International Marine Containers (Hong Kong) Limited is a wholly-owned subsidiary of the Company.

(3) Financial position

The financial data for the last three years of CIMC Leasing is as follows:

Unit: RMB10,000

Financial items	As at 31 December 2014 (audited)	As at 31 December 2015 (audited)	As at 31 December 2016 (unaudited)
Total assets	1,189,143	2,162,195	2,281,670
Total liabilities	966,107	1,870,240	1,957,351
Total shareholders' equity	223,035	291,956	324,319

Financial items	2014 (audited)	2015 (audited)	2016 (unaudited)
Total revenue	113,068	146,266	194,987
Operating profit	47,787	65,628	74,912
Total profit	47,800	65,625	74,915
Net profit	45,658	66,893	70,084

3. Necessity of the project

(1) The financial leasing industry will become a strong driving force to enable China's economy to stabilize its growth and adjust its structure, and there is huge potential to be explored in this market

In recent years, the global leasing industry has been keeping its growth momentum, and at the same time, China's leasing sector has also seized opportunities arising from the adjustment of national policies, and the entire leasing industry is growing in a rapid way. Following the confirmation by the executive meeting of the State Council regarding the measures for stepping up the development of the financial leasing sector, in September 2015, the General Office of the State Council issued the Guiding Opinions on Accelerating the Growth of Financial Leasing Business (《關於加快融資租賃業發展的指導意見》) and the Guiding Opinions on Promoting the Healthy Development of Financial Leasing Business (《關於促進金融租賃行業健康發展的指導意見》), which have made overall planning for the growth of the financial leasing industry through reforming the system and mechanism, quickening the growth of key areas, innovating the pattern of development and strengthening the supervision and management on and after each transaction. On top of that, these documents also propose that by 2020, the market size and competitiveness of China' financial leasing industry should rank at the top of the world. This is one of the key measures the country used to deepen its financial reform, which will play a pivotal role in promoting the innovation and upgrading of various industries, increasing financing channels for medium, small and micro enterprises, driving the growth of emerging industries, serving the real economy and facilitating the adjustment in economic structure.

By the end of 2015, there are in total about 4,508 financial leasing enterprises in China, which are 2,306 more than that in 2014, representing a year-on-year increase of 104.7%. The total registered capital of the industry, denominated in RMB[1], amounts to approximately RMB1,516.5 billion, representing an increase of RMB855.4 billion, or 129.4%, compared to that of 2014. The aggregate balance of leasing contracts is around RMB4,440 billion, representing an increase of RMB1,240 billion, or 38.8%, compared to that of 2014. Under the macro environment where the domestic economy is facing continuous downward pressure, the country's financial leasing industry is making its way out with satisfying performance, and has played an important role in supporting the real economy and infrastructural construction.

1 *Calculated at the exchange rate of US$1= RMB6.3*

(2) Redefining the Company's strategic positioning and competitive advantages and increasing its pace to realize strategic transformation and upgrading

After three decades of development, the Company has developed into a conglomerate with diversified business portfolio. Our two major industrial eco-groups which feature the provision of equipment and services in logistics and energy areas have gradually come into shape. Leveraging on the physical industrial operations of the Company, CIMC Leasing have progressively grown into a mature enterprise after seven years of operation. Through rendering financial leasing services and extension of the service chain, the Company has integrated its financial services and physical products into systematic solutions which together become the Company's core competitiveness. Financial leasing, a special business model that integrates capital and equipment in one service, has gradually demonstrated the Group's marketable advantages in attracting business orders. In addition, as the economic leverage that affects the key elements of the Group's various industrial segments, our financial leasing business has become the core of the Company's industrial system, covering all business segments of the Group. Through our financial leasing business, the Company is able to access and grasp information on client's demand for both physical products and financial services, and these information can be shared within the Group and enable the cross-sale of related products.

(3) Enlarging the size of capital base is the key factor in promoting the rapid development of the financial leasing business

As a capital-intensive industry, the business scale of a financial leasing company largely depends upon its capital strength. The table below shows the registered capital of the top ten financial leasing enterprises across the country by the end of 2015:

Table: The list of China's top ten financial leasing enterprises
(in the sequence of the amount of registered capital)

Ranking	**Company**	**Registered capital (RMB100 million)**
1	International Far Eastern Leasing Co., Ltd. (遠東國際租賃有限公司)	114.45
2	ICBC Financial Leasing Co., Ltd. (工銀金融租賃有限公司)	110.00
3	CBD Leasing Co., Ltd. (國銀金融租賃有限公司)	95.00

Ranking	Company	Registered capital (RMB100 million)
4	Ping An International Financial Leasing Company Limited (平安國際融資租賃有限公司)	93.00
5	CCB Financial Leasing Corporation Limited (建信金融租賃有限公司)	80.00
6	Shandong Chenming Financial Leasing Co., Ltd. (山東晨鳴融資租賃有限公司)	77.00
7	Pu Hang Leasing Co., Ltd. (浦航租賃有限公司)	76.60
8	Shanghai Bank of Communications Financial Leasing Co., Ltd. (交銀金融租賃有限責任公司)	70.00
9	Changjiang Leasing Co. Limited (長江租賃有限公司)	67.90
10	Shanghai Jin Hao Yang Financial Leasing Co., Ltd. (上海金昊陽融資租賃有限公司)	63.00

Source: China Leasing Union (中國租賃聯盟), Tianjin Binhai Financial Leasing Research Institute (天津濱海融資租賃研究院)

Note: The registered capital of foreign-owned leasing enterprise is converted into RMB at the average exchange rate of US$1=RMB6.3.

The table above reveals that the amounts of the registered capital of fellow enterprises are much higher than CIMC Leasing, while the registered capital of CIMC Leasing is just RMB441 million[2]. According to Provision 22 of the Measures on Supervising and Managing Financial Leasing Enterprises (《融資租賃企業監督管理辦法》) (Shang Liu Tong Fa [2013] No. 337) issued by the Ministry of Commerce, the risk assets of a financial leasing enterprise should not exceed 10 times of its total net assets. The business scale of CIMC Leasing's financial leasing business is directly affected by its total capital. Therefore it deems necessary to increase the capital of CIMC Leasing in order to promote its healthy and rapid development, lower its leverage ratio and guarantee the smooth implementation of CIMC Leasing's strategy to "enhance the Company's overall corporate value through financial synergy as well as facilitate the industrial upgrades of its equipments manufacturing segment through operational synergy".

2 *Calculated at the exchange rate of US$1= RMB6.3*

4. *Feasibility of the project*

(1) *Developing projects through investment of raised funds is in line with the growth direction encouraged by national and local industrial policies*

In September 2015, the General Office of the State Council issued the Guiding Opinions on Accelerating the Growth of Financial Leasing Business (《關於加快融資租賃業發展的指導意見》) and the Guiding Opinions on Promoting the Healthy Development of Financial Leasing Business (《關於促進金融租賃行業健康發展的指導意見》), according to which, financial leasing enterprises are encouraged to grow bigger and stronger in conventional areas such as aircrafts, ships and engineering machinery. Also, financial leasing enterprises are encouraged to step up their efforts to explore strategic emerging industrial markets such as the new-generation of information technologies, high-end equipment manufacturing, new energy, energy conservation and environmental protection and biotechnology. Moreover, these companies are encouraged to engage in urban and rural public services, the construction of infrastructure facilities of sewage treatment plant, and the active and proper development of the household consumer goods leasing market.

The Company is specialized in the "logistics and energy" industries; specifically, it has profound expertise and capabilities in container business, transportation vehicles, energy and chemical equipment segments. In recent years, CIMC Leasing keeps on promoting business synergy with a variety of the Company's industrial segments.

(2) *China's economy has entered into the "New Normal" stage, which has created more opportunities for the growth of the financial leasing industry; the implementation of new national strategies has laid a solid foundation for the Company to grow its financial leasing business*

Today, China's economy has entered into the state of "New Normal". Financial reforms, including interest rates liberalization, the lift of the ban on operating banking business with private capital, Internet finance and the supervision and management of the bottom line functions, are still in progress; the diversified and multi-level financial market system is further optimized; the momentum brought about by financial innovation is growing which in turn stimulates economic growth. All of these have created a new golden era for the development of financial leasing industry.

In recent years, the scale of China's financial leasing industry is expanding rapidly; however, compared to that of developed countries, our market penetration rate is still at a lower level, which means that there is still huge potential for development.

(3) The adequacy of financial leasing projects guarantees that the Raised Proceeds will be effectively used

As a value-added service, CIMC Leasing has fully integrated into the value chain of the Company's entire industrial segments, facilitated the sale of products of the Group's main businesses through its financial leasing service and provided clients with perfect financial solutions. As the general contractor who provides financial services for business areas such as containers, transportation vehicles, energy and chemical equipment as well as modular construction, CIMC Leasing has spread its business network across Asia, Americas, Europe, Australia and other major markets, it has strong customer base which will contribute to the industrial upgrading and strategic transformation of CIMC Group.

(4) The risk management system of CIMC Leasing is the key basis that helps realize the value of financial services for its clients, and CIMC Leasing will build its risk control system with CIMC's characteristics

Under the relevant supervision and requirements of the financial leasing industry, CIMC Leasing will keep on improving its comprehensive risk management system, promoting its comprehensive risk management culture and maximizing the Group's revenue as its goal. Also, CIMC Leasing will adhere to its risk preference of making progress while maintaining stability, allocate assets reasonably into different groups according to their respective industry nature of risks and returns, transfer risks to other parties to the greatest extent and ensure that the general risk exposure is covered to the extent of the aggregate amount of capital. By making reference to the risk management system under the New Basel Capital Accord, the Company has taken a number of measures to control risks in the entire process of each leasing transaction, set up effective system of risk evaluation, control and tracking, and effectively controlled business risks through stringently regulating the management of key processes including project investigation and evaluation, the implementation of risk control measures, signing of contracts and follow-up work after leasing. A sound risk control system is essential for CIMC Leasing to identify risks in potential projects, enhance its ability to resist risks and guarantee the smooth roll out of its projects.

5. Investment estimation of the project

The total investment of this project amounts to RMB2.0 billion. The entire proceeds of RMB2.0 billion will be used for the capital increase in CIMC Leasing.

6. *Economic benefits of the project*

Upon implementation of the project, the financial leasing business is expected to achieve satisfactory growth. Compared with 2015, it is expected that the operating income of the Company will increase by approximately RMB311.51 million in 2017. Taking into consideration the investment gains of RMB371.11 million from the disposal of the vessel leasing business of the Company in 2015, and after deducting the relevant impact, the net profit of the financial leasing business in 2017 will increase by approximately RMB213.61 million as compared with that in 2015.

7. *Approval matters*

Depending on the implementation progress of the project, using this proceeds raised by the Company for the capital increase in CIMC Leasing may involve the filing formalities with the development and reform authority and the approving and filing formalities with the commerce regulatory authority.

(II) CIMC Fenggang Logistics Equipments Manufacturing Project (Phase I)

1. *Overview of the project*

This project is implemented by Dongguan Southern CIMC Logistic Equipment Manufacturing Co., Ltd. (東莞南方中集物流裝備製造有限公司), a wholly-owned subsidiary of CIMC. The total investment for Phase I amounts to RMB956.89 million. The CIMC Fenggang Logistics Equipments Manufacturing Project (the "Fenggang Project") aims to build the new generation of container manufacturing base in Fenggang, Dongguang, i.e., CIMC Fenggang Logistics Equipments Manufacturing Base, and to further consolidate the solid foundation of CIMC's container business in Guangdong Province.

2. *Necessity of the project*

In recent years, along with China's effort to promote industrial transformation and upgrading, the traditional container manufacturing segment of CIMC has faced both opportunities and challenges. In response to the adjustment by the government in Pingshan New District of its economic development plan and the policy adjustment of the governmental environment protection department, and in order to further improve the industrial competitiveness of the container manufacturing business of CIMC, the Company needs to re-deploy and re-plan its three existing container production lines.

3. *Feasibility of the project*

The feasibility of the Fenggang Project for manufacturing the standard dry cargo containers depends mainly on market feasibility and the feasibility of project site which both have significant impact on the economic efficiency of the project.

(1) Market feasibility

From the perspective of global market demands, along with the continuous improvement in global integration and the containerization rate of cargo transportation, the global trade and container demand have been growing steadily over the past decades. In recent years, the volume of global trade has continued to grow, though at a slower pace. From the perspective of market structure, the global market share of CIMC's standard dry cargo containers has maintained at approximately 50% for a long time, which was attributable to the huge demand for containers from the Pearl River Delta Region, which is a global manufacturing hub and an import & export trade center in China. The strategic positioning of the Fenggang Project, which will be constructed in several phases in future, is to gradually replace the existing production capacity of the Eastern Factory (東部工廠) of Southern CIMC Container. The Group will strategically give priority to the utilization of the production capacity of the Fenggang Project, so as to ensure the availability of strong product demand for utilization of its container manufacturing capacity.

(2) Location feasibility

Located to the southeast of Dongguan City, Fenggang Town has certain geographic advantages over its competitors due to its close proximity to the project's future port intended for the delivery of raw material (Huizhou-Aotou port) and the port intended for the delivery of empty containers (Shenzhen Yantian Port). Meanwhile, Dongguan, being a major global manufacturing hub, also has relatively strong industrial agglomeration and industrial supporting capacity. In addition, owing to its export-oriented economy, Dongguan is the main source of container supply in southern China. Due to Fenggang's geographical location in the center of Pearl River Delta Region, business dealers can not only easily transport their products to the rest of the world through the ports of Hong Kong and Pearl River Delta Region but also tap on the well-developed transportation network and regional advantage in Dongguan, allowing them to arrange for the products to be sold to the domestic markets in South China as well as other parts of China.

4. Investment estimation of the project

The total investment of Phase I of the project amounts to RMB956.89 million, including RMB363.47 million of land consideration, investment of RMB530.53 million in fixed assets and investment of RMB62.89 million in initial working capital. The proceeds of RMB593.42 million will be used for this project and the shortfall will be funded by the Company's own funds.

5. Economic benefits of the project

The total investment of the project amounts to RMB956.89 million and the internal return rate of this project is expected to be approximately 16.4%. The static payback period (including the construction phase) is approximately 5.6 years.

6. Approval matters

We have obtained the State-owned Land Use Rights Certificates, Land Planning Permit and the review opinions on the Energy Efficiency Assessment Report in connection with the implementation of the project. We are now in the process of updating the project registration. In addition, we still need to obtain the Planning Permit for Construction Works, the Construction Works Commencement Permit, the Environmental Impact Assessment Approval, and etc.

(III) Relocation Project of Qingdao CIMC Special Reefer Co., Ltd. (Phase I)

1. Overview of the project

This project is implemented by QDCSR, a wholly-owned subsidiary of CIMC.

Qingdao CIMC Special Reefer Co., Ltd. has been relocated to CIMC Qingdao Cold Chain High-Tech Industrial Park (中集青島冷鏈高新技術產業園) where a new special reefer container factory, production lines and ancillary facilities will be constructed to achieve an annual production capacity of 20,000 units of special reefer containers. The total investment of Phase I of this project amounts to RMB270.80 million. The total accumulative investment amounts to RMB154.13 million. The proceeds of RMB116.67 million will be used for this project. Upon completion, the facilities are expected to achieve an annual production capacity of 10,000 units of special reefer containers.

2. Necessity of the project

(1) The project was required to be relocated according to governmental land planning.

The original factory site where QDCSR was located has been short-listed in the government's relocation plan and was required to be relocated within the prescribed period.

(2) Taking advantage of preferential policies

In September 2007, at the COP 29th meeting of Multilateral Fund held in Montreal, countries reached a consensus about accelerating the phase-out process of HCFCs. Developed countries pledged to continue providing financial support to the developing countries with respect to the phase out of HCFCs. According to the provisions of the amended Montreal Protocol and based on the average production and consumption between 2009 and 2010, the production and consumption of HCFCs will be gradually diminished year by year until it's fully phased out in 2030, for which, the State Administration of Environmental Protection of the PRC has launched the first phase-out plan, imposing a ban on the consumption of HCFC-141b for the three major industries such as refrigerators and freezers, refrigerated containers and small appliances (electric water heaters and disinfecting cabinets, etc.) as well as sub-sectors under larger enterprises. World Bank collaborated with the Chinese government in an effort to encourage enterprises to phase out the HCFC-141b. On 5 March 2013, QDCSR entered into a contract related to the phase-out project with Environmental Protection Ministry of Foreign Cooperation Center (環保部環境保護對外合作中心). The Company, having been requested by the government to relocate QDCSR, is contemplating a relocation plan for QDCSR.

3. Feasibility of the project

(1) Market feasibility

i. The global market of special reefer container shows a rising trend

Special reefer container products are non-standard containers created to meet the needs for a particular area or special functions. Due to the differences in road standards in various regions throughout the world, standard containers can not meet the special needs for its warehousing and transportation, resulting in the demands for customized and containerized products from customers. Over the past ten years, the market demands for reefer container have been soaring dramatically. On the one hand it is partly because of the remarkable resilience of the market after the financial crisis, leading to the increased demands for customized products from customers. On the other hand, the repaid developments of rail transport, offshore transport, multimodal transport have tremendously driven the growing demands for the special reefer containers. It's expected that the market demand for special reefer containers will be on the rising trend.

ii. QDCSR enjoys a competitive edge in the market with satisfactory operating results

QDCSR products can be found throughout the global market with a primary focus in North America, Europe, Australia, Japan, Korea and China. The main products for each region differ significantly.

Founded in 2004 and with over 10 years of continuous development, QDCSR has achieved a significant growth in sales with profitability at a higher level, accounting for nearly half of the market share of the world's special reefer container market.

In summary, the capacity design of QDCSR is tailored to meet the mid-to-long term market demand and the products of QDCSR satisfy the criteria of market feasibility.

(2) Location feasibility

QDCSR has been relocated to Jiaozhou economic and technological development zone with Jinan-Qingdao Expressway to the north, Jiaozhou Bay Expressway to the south and Qingdao International Airport to the east. Compared to the old factory, the new location of the project is closer to Qianwan port, which has the highest container throughput per year in the PRC, effectively saving transportation costs.

4. Investment estimation of the project

The total investment of this project amounts to RMB270.80 million, including RMB22.42 million of land consideration, investment of RMB223.52 million in plant and equipment and investment of RMB24.86 million in initial working capital, among which RMB154.13 million has been paid and the planned proceeds to be raised amounted to RMB116.67 million.

5. Economic benefits of the project

The total investment of this project amounts to RMB270.80 million. The internal return rate of this project is expected to be approximately 28.0% and the static payback period (including the construction phase) is approximately 5.1 years.

6. Approvals matters

The State-owned Land Use Rights Certificates, the project approval, the Environmental Impact Assessment, energy-saving registration, Land Planning permit, Planning Permit for Construction Works and Construction Works Commencement Permit have been obtained.

(IV) Multimodal Transport Company Project

1. Overview of the project

The project will be implemented by CIMC Multimodal Transport Development Co., Ltd., a subsidiary of CIMC, with a planned total investment of RMB100 million. The project aims to: 1) maximize the Group's comprehensive advantages in brand, equipment, finance and services and promote widespread application of CIMC's products in multimodal transport; 2) utilize the advanced Internet technologies to link different modes of transport so as to increase logistic efficiency and reduce costs; and 3) establish a CIMC-featured domestic multimodal transport platform and eventually turn it into an "industry + Internet" multimodal transport platform.

2. Establishment of the company

Name:	CIMC Multimodal Transport Development Co., Ltd.
Uniform social credit code:	91440300MA5D9HFX9H
Legal representative:	Huang Tianhua
Domicile:	Room 201, Building A, 1 Qianwanyi Road, Shenzhen-Hong Kong Cooperation Zone, Qianhai, Shenzhen City (occupied by Shenzhen Qianhai Commercial Secretary Co., Ltd.)
Registered capital:	RMB100.00 million
Date of establishment:	29 March 2016
Type of corporation:	limited liability company

Scope of business: Domestic and international freight agency and supply chain management; purchase, sale, lease and maintenance of logistic equipment and related accessories; domestic trade, sale of lubricants, sale of steel and import & export (excluding franchized, controlled, monopolized goods); loading & unloading; (projects subject to approval by law, operational activities subject to approval of the relevant authorities); coal wholesale and operation and rail transport; warehousing; normal cargo, dedicated cargo transport (container), dedicated cargo transport (cold storage), special cargo transport (tank), bulk transport.

As at the date of announcement of this plan, the shareholders of the company were as follows:

Company name	Capital contribution (RMB10,000)	Shareholding percentage
Shenzhen CIMC Investment Co., Ltd.	2,400	24.0%
CIMC Containers Holding Co., Ltd.	2,300	23.0%
CIMC Modern Logistics Co., Ltd.	2,300	23.0%
Shenzhen Maitian United Enterprise Management Partnership (Limited Partnership)	2,000	20.0%
Qianhai CIMC leasing (Shenzhen) Co., Ltd.	1,000	10.0%
Total	**10,000**	**100.0%**

Shenzhen CIMC Investment Co., Ltd., CIMC Containers Holding Co., Ltd., CIMC Modern Logistics Co., Ltd. and Qianhai CIMC leasing (Shenzhen) Co., Ltd. are all wholly-owned subsidiaries of the Company. Shenzhen Maitian United Enterprise Management Partnership (Limited Partnership) is a shareholding platform of the management of CIMC Multimodal Transport Development Co., Ltd.

3. Necessity of the project

(1) Importance and urgency for CIMC to develop multimodal transport business

The lack of choices of the mode of transport is a major cause of the soaring logistic costs in China. Firstly, connection between different modes of transport remained inefficient; secondly, the lack of big data platform has led to poor allocation of transportation capacity. Multimodal container transport is an advanced stage of development of logistics, and is considered as an important symbol of modernization of cargo transport worldwide. At present, the centre of global multimodal transport industry is shifting to China, with that in China poised to take off. China's State Council issued the Medium-and long-term Planning for Development of Logistics Industry (2014-2020) in September 2014, confirming that China will: 1) accelerate the construction of multimodal transport facilities, build up capacity-matching gathering and evacuating transport channels, introduce modern forwarding facilities and establish multimodal transport information platform; 2) complete the railway and highway gathering and evacuating transport facilities near the ports and improve the transport capacity of nearby railway stations and channels after the stations; 3) promote the construction of dedicated railways, exert the function of the railway container central station and promote the construction of container stations in the inland cities and ports; 4) build up a road transport network that matches the capacity of the railway, air and road freight stations; and 5) develop ocean-rail transport, rail-water transport, road-rail transport and road-air transport, and accelerate water-rail bulk transport, container multimodal transport, actively organize vessel transportation featuring stem-branch direct reach and river-sea direct reach, explore the multimodal transport systems, e.g. piggyback transport with semi-trailer as standard load cell and roll-on-roll-off transport.

Standardized logistic equipment is essential for the development of multimodal transport, the logistic equipment of the Group accumulated over 30 years of development will certainly become a crucial force in propelling the development of multimodal transport in China. Meanwhile, a good catch-up with the trends of multimodal transport will bring about historic opportunities for CIMC to systematically cater for the needs of the industry and promote the upgrade of logistic equipment industry.

(2) Multimodal transport is a new business that requires synergy of the Group's resources in many segments

Over many years of development, the Company has built up a solid base for the development of multimodal transport. Different from previous logistic modes, multimodal transport is an ecosystem that requires participation by many parties, and requires a variety of resource combinations to form an overall value. At present, a highly developed and effective multimodal transport has not yet taken shape, with many problems, such as transport channels, core hubs and business models waiting to be resolved. In order to take hold of the business opportunities and exert influence within the multimodal transport system, we must combine the power of multiple segments to develop our multimodal transport business, and capitalize the competitive advantages of CIMC.

4. Feasibility of the project

The Company, as a multimodal transport integrator, will provide logistic solutions throughout the process, while exploiting CIMC's existing advantages and integrating social resources as a complement to organize and implement logistic solutions.

Active exploitation of the opportunities arising from the reform of railway freight transport is a good entry point for developing our multimodal transport business. We will actively exploit CIMC's comprehensive strengths in branding, equipment, finance and services, and enter into cooperation with the railway authorities in transport channel development and cargo forwarding, and promote extensive use of CIMC's products in multimodal transport, and introduce Internet technologies to link different modes of transport, improve logistic efficiency, reduce logistics costs and build a multimodal transport platform in China prominent with CIMC's characteristics.

5. Investment estimation of the project

The total investment of this project amounts to RMB100.00 million, comprising of the investment of RMB84.00 million in purchasing special logistic equipment, the investment of RMB14.00 million in the construction of information and positioning system platform and the investment of RMB2.00 million as the start-up cost. The proceeds of RMB78.00 million will be used for this project.

6. Economic benefits of the project

The total investment of this project amounts to RMB100.00 million. This project is expected to realize a net margin approximately of 4.0% by 2017.

7. Approval matters

No issues are to be submitted for approval at this stage of the project.

(V) Zhihui Garden Project of Songshan Lake (Phases I, II and III)

1. Overview of the project

The plot of CIMC's Songshan Lake Industry Park is to be developed into three zones, namely Zone A, Zone B and Zone C. Among them, Zone A accommodates Phase I of Songshan Lake Intelligence Valley, and has become the headquarters of CIMC's container business; Zone B accommodates Songshan Lake Zhi Hui Park project, which is a supporting project for Songshan Lake High-tech Industry Park ("Songshan Lake High-tech Park") of Dongguan, Guangdong, PRC; Zone C accommodates Phase II, III, IV and V of Songshan Lake Intelligence Valley project, and is intended to provide commercial facilities, such as R&D buildings, for the High-tech Park.

Phase I, II and III of Zhihui Garden Project of Songshan Lake is to be implemented by a subsidiary of the Company, Dongguan CIMC Innovation Industrial Park Development Co., Ltd (東莞中集創新產業園發展有限公司), which covers a site area of about 66,600 sq.m. and a floor area of about 182,600 sq.m. The total investment of this project amounts to approximately RMB820.48 million. Upon completion, the project will provide residential and supporting facilities for Songshan Lake High-Tech Park, which will help attract enterprises and talent into Songshan Lake High-Tech Park and promote the overall development of it.

2. Necessity of the project

In recent years, with the expanding presence of CIMC in Dongguan, its operations in Songshan Lake High-tech Park has become one of the focuses of its future development. The relocation of businesses and population to Songshan Lake has driven up the needs for housing there. As a supporting housing project, Songshan Lake Zhi Hui Park is playing an increasingly important role in completing the supporting facilities, satisfying the growing housing demand, creating an amicable environment for the moved-in people and enterprises in Songshan Lake High-tech Park.

Songshan Lake High-tech Park is divided, from North to South, into the Northern Zone, Central Zone, Taiwan High-tech Park and the South Zone in accordance with its function distribution. Among them, the Northern Zone is the area for high-tech industries and R&D platforms; the Central Zone is for education, R&D, biotechnology, new energy and new materials, the IC design industry and high-tech innovation; Taiwan High-tech Park is a theme park for Taiwanese high-end industrial projects; and the Southern Zone is for the R&D headquarters, financial services, cultural creation and biotechnology industries. With the accelerated development of the Southern Zone, the needs of the moved-in enterprises and residents for supporting facilities have to be met urgently, and the Project will be able to mitigate the shortage of housing facilities.

3. Feasibility of the project

(1) Good investment environment

The project is located in Dongguan City, Guangdong Province, which is known for its rapid economic development. According to its industrial planning, Dongguan plans to build “one core zone, three economic belts and five industrial clusters”. Among them, the five industrial clusters contain Songshan Lake High-tech Park. Songshan Lake High-tech Park was established in November 2001 with the approval of the People’s Government of Guangdong Province, and became a national high-tech development zone in September 2010 with the approval of the State Council. As a key part of

Dongguan's main urban area, it is intended to be build as an example of scientific development, a pioneer area for transformation and upgrading and the technology centre for industrial transformation in the Pearl River Delta and even China, providing an example for exploring new models of scientific development in Guangdong Province. After more than 10 years of development, Songshan Lake High-tech Park has become the centre of high-end electronic information, bio-technology industries and modern service industry through introducing high-level and research-oriented companies. Due to its geographic location, the project in Songshan Lake High-tech Park will directly benefit from the favourable investment environment and achieve substantial return on investment.

(2) Project location advantages

The project is located in Songshan Lake High-tech Park, adjacent to the urban area of Dongguan city and Tongsha Eco-Park, which is in the geographic centre of Dongguan. The project enjoys convenient transport to the nearby freeway entrances, and is within one-hour travelling distance to the urban area of Dongguan city, Hong Kong, Guangzhou, Shenzhen, Zhuhai, Zhongshan and Huizhou.

(3) Remarkable economic advantages of the project

The project enjoys greater advantages in the land price compared to the average market rates of the residential land in Songshan Lake area. With the development of Songshan Lake High-tech Park and the expanding presence of CIMC in Dongguan, there will be a large number of people moving in the Park, which will provide a strong customer base for the implementation of the Project. At the same time, with the development of Southern Zone of Songshan Lake High-tech Park, the supporting facilities around the Project will quickly emerge and commercial atmosphere will grow up, making up for the lack of supporting facilities. In sum, the Project will bring good returns on investment for CIMC.

4. Investment estimation of the project

The total investment of the project is RMB820.48 million, or RMB558.01 million after deducting the land consideration of RMB262.47 million. RMB262.47 million has been invested in the land consideration and RMB41.20 million in the construction. The proceeds of RMB449.87 million will be used for this project.

5. Economic benefits of the project

The project is expected to achieve a sales revenue of approximately RMB1,147.18 million, with a net profit margin of 13.9%, and a return on investment of 19.3%.

6. Approval matters

With respect to Phase I of Zhihui Garden Project of Songshan Lake, the State-owned Land Use Rights Certificate, Project Registration, Land Planning Permit, Planning Permit for Construction Works, Construction Works Commencement Permit, and Environmental Impact Assessment Approval have been obtained. With respect to Phase II of Zhihui Garden Project of Songshan Lake, the State-owned Land Use Rights Certificate, Project Registration, Land Planning Permit, Approval of (Construction) Design for Construction Project and Environmental Impact Assessment Approval have been obtained; while the Planning Permit for Construction Works and Construction Works Commencement Permit are still in the process of obtaining approval. With respect to Phase III of Zhihui Garden Project of Songshan Lake, the State-owned Land Use Rights Certificate, Project Registration, Land Planning Permit and Environmental Impact Assessment approval have been obtained; the plan design is being conducted; the Approval of (Construction) Design for Construction Project, Planning Permit for Construction Works and Construction Works Commencement Permit are still in the process of obtaining approval.

(VI) Zhigu Project of Songshan Lake (Phases II, III and IV)

1. Overview of the project

The project is Zhigu Project of Songshan Lake (Phases II, III and IV), consisting three land parcels for development, being Blocks C5, C6 and C7 of CIMC Songshan Lake Industrial Park Plot C. As one of the industrial estate projects of CIMC, Zhigu Project of Songshan Lake (Phases II, III and IV) is implemented by Dongguan CIMC Innovation Industrial Park Development Co., Ltd., a subsidiary of the Company. The project is located in Songshan Lake High-Tech Park in Dongguan, Guangdong Province, which involves the proposed construction of garden villas, medium-and high-rise R&D buildings and multi-story R&D buildings as well as common ancillary service facilities. The project has a site area of approximately 72,900 square metres and a gross floor area of approximately 131,700 square metres, and its total investment amounts to RMB1 billion. The project, upon completion, will provide comprehensive commercial ancillary facilities and a convenient office and living environment for the Songshan Lake High-Tech Park, satisfying the business needs of the enterprises stationed in the Songshan Lake High-Tech Park.

2. Necessity of the project

(1) Facilitating the overall development of the park by satisfying the planning requirements of the park

The southern area of Songshan Lake High-Tech Park, where the project is located, is designed to be developed into an industrial park comprising of R&D headquarters, financial service, cultural innovation and biotechnology. Under the current development conditions, the enterprises stationed in the park have significant demand for ancillary service facilities such as R&D buildings, demonstrating a shortage in commercial ancillary facilities. The plan of constructing garden villas, medium-and high-rise R&D buildings and multi-story R&D buildings as well as common ancillary service facilities in Zhigu Project of Songshan Lake (Phases II, III and IV) will provide a convenient office and living environment for the enterprises stationed and talents introduced in the park, highlighting the essentiality for constructing the project.

3. Feasibility of the project

(1) Sound investment environment created by unique location of the project

The project is located in Songshan Lake High-Tech Park in Dongguan, which is adjacent to the downtown area of Dongguan and Tongsha Ecological Park and lying in the central area of Dongguan geographically. The project is located at a convenient location with a lake view of Songshan Lake, which can be easily accessible to Guangzhou, Shenzhen, Hong Kong, Zhuhai, Zhongshan and Huizhou. Meanwhile, various well-known enterprises including the headquarter of Huawei Device have stationed in Songshan Lake High-Tech Park in Dongguan, which will facilitate the introduction of enterprises to the park and provide an important source of potential customer base for the project. The container headquarter of CIMC will also be introduced to the park, which will drive the overall development of the park leveraging on CIMC's unique industrial advantages and ensure the successful development of the project.

(2) Facilitating the overall development of the Songshan Lake Project together with other construction projects in Songshan Lake

Zhigu Project of Songshan Lake Phase II, being located at Block C5, will continue to offer garden villas as Phase I that are popular in the market, and will develop certain multi-story R&D buildings with some can be customized based on the demands of the enterprises, thus increasing the popularity of the pre-construction projects of the park. Zhigu Project of Songshan Lake Phase III, being located at Block C7, is the land parcel with the highest plot ratio in the park. After the completion of Phase I and Phase II, the development of Phase III will help to further enhance the value of the properties in the park. Zhigu Project of Songshan Lake Phase IV, being located at Block C6, is scheduled to be developed into villas and medium-and high-rise R&D buildings to better accommodate the needs of different customers. On the one hand, the construction of the project will help to enhance the commercial values of other projects of Songshan Lake; on the other hand, the construction of other projects of Songshan Lake will provide strong support for the construction of the project.

(3) Accurate positioning with rational design

The project, being positioned as one of the commercial ancillary projects in Dongguan Songshan Lake High-Tech Park, is planned to be developed into garden villas, medium-and high-rise R&D buildings and multi-story R&D buildings as well as common ancillary service facilities, so as to provide a convenient office and living environment for the enterprises stationed in the park. The enterprises have significant demand for commercial ancillary facilities after stationed in the park as the southern area of Songshan Lake High-Tech Park is relatively lack of commercial ancillary facilities. As such, accurate positioning is the cornerstone for the project to be developed successfully. Meanwhile, the land parcel where the project is located is relatively large, together with flexible product portfolio and phased development scheme of the project will also be beneficial for the project to achieve good economic returns.

In summary, the unique location, sound investment environment, accurate positioning and rational design are the important advantages of the project. With the further development of the southern park of Songshan Lake, the ancillary facilities surrounding will be gradually developed. As such, the project will bring considerable economic returns to the Company.

4. Investment estimation of the project

The total investment of the project amounts to RMB1,000 million, including land consideration of RMB37.96 million. The proceeds of RMB962.04 million will be used for this project.

5. *Economic benefits of the project*

The entire sales revenue of the project is expected to be approximately RMB1,319.79 million with net profit margin of approximately 11.0% and rate of return of approximately 14.6%.

6. *Approval matters*

The State-owned Land Use Rights Certificate and Project Registration of this project have been obtained. The company is now in the progress of obtaining the Land Planning Permit, Construction Works Design Proposal Approval (Building), Planning Permit for Construction Works, Construction Works Commencement Permit and Environmental Impact Assessment Approval.

(VII) Replenishing Working Capital

The Company plans to use RMB1.8 billion from the Raised Proceeds to replenish its working capital, fund the operational needs for future business development of the Company, optimize the gearing ratio of the Company, expand the financing channels of the Company and further enhance the overall profitability.

1. *Meeting funding requirements arising from expansion in operation*

Following the further expansion of business scale in the future, the Company will increase its demand for liquidity, thus putting funding pressure on the Company. In addition, the Company plans to focus on strategic investment and industrial consolidation in the future, which will also increase its demand for liquidity by outbound expansion. Accordingly, the proceeds of the Non-public Issuance will provide sufficient funds for the future development of the Company.

2. *Lowering the level of current liabilities and reducing finance costs*

In recent years, the current ratio and quick ratio of the Company have been reduced, which resulted in the deterioration in solvency for short-term debt and an increase in gearing ratio. Set out blow are the indicators of the Company's solvency for the latest three years:

Items	**31 December 2014**	**31 December 2015**	**31 December 2016**
Current ratio	1.04	0.95	1.15
Quick ratio	0.66	0.59	0.78
Gearing ratio (consolidated)	68.8%	66.6%	68.6%

The capitalized interest expenses of the Company for 2014, 2015 and 2016 was RMB753.87 million, RMB497.66 million and RMB901.86 million, respectively, representing 21.1%, 15.1% and 53.0%, respectively, of total current profits. The significant interest expenses have, to a material extent, reduced the net profit of the Company.

Part of the proceeds of the Non-public Issuance will be used to replenish the liquidity of the Company, which can mitigate the liquidity pressure arising from repayment of bank loans due, optimize the assets and liabilities structure and reduce the finance cost of the Company. All the above are in line with the business model and development requirements of the Company.

III. IMPACT OF NON-PUBLIC ISSUANCE ON OPERATION AND MANAGEMENT AND FINANCIAL POSITION OF THE COMPANY

(I) Impact of Non-public Issuance on operation and management of the Company

The use of proceeds of the Non-public Issuance is in compliance with relevant national industrial policies and plans, and in line with industry trends. Upon obtaining the proceeds, the Company will be able to further enhance its core competitiveness, consolidate and enhance its competitive position. It is expected that the revenue and profit of the Company will increase, and its profitability will be further enhanced. Such enhanced capital capabilities will provide sufficient support for the Company to achieve its goal set for each sector funded by the proceeds.

(II) Impact of Non-public Issuance on financial position of the Company

Upon obtaining the proceeds, the total assets and net assets of the Company will increase, while the gearing ratio will decline. Meanwhile, the capital capabilities of the Company will be strengthened, the liquidity of the assets will be enhanced and the structure of assets and liabilities will be optimized. The financial risk of the Company will be reduced and the ability to continue as a going concern will be enhanced.

Upon obtaining the proceeds, certain financial indicators such as return on net assets and earnings per share may decrease to some extent. However, with the economic benefits gradually brought by the projects funded by the proceeds, the profitability of the Company will be enhanced in the long run.

In summary, the use of proceeds of the Non-public Issuance is in line with the relevant policies, laws and regulations, as well as the actual condition and development needs of the Company. Upon completion of the Non-public Issuance, the capital capabilities and asset scale of the Company will be increased significantly, and the ability to resist risks will be further enhanced. The use of proceeds of the Non-public Issuance will be beneficial for the future development of various businesses of the Company in the future. In the long run, it will help the Company to expand its scale and enhance its ability to continue as a going concern and profitability, thus laying the foundation for the sustainable development of the Company.

The Board of China International Marine Containers (Group) Co., Ltd.
21 April 2017

The Impact of Dilution of Current Returns as a Result of the Non-public Issuance of A Shares on the Company's Key Financial Indicators and Measures Adopted is written in Chinese. The English translation is provided for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

To further implement the requirements set out in the "Several Opinions of the State Council on Further Promoting the Healthy Development of the Capital Market" (Guo Fa [2014] No. 17), the "Opinions of the General Office of the State Council on Further Strengthening the Work for Protection of Lawful Interests of Medium and Small Investors in the Capital Market" (Guo Ban Fa [2013] No. 110) and the "Guiding Opinions on Matters Pertaining to Dilution of Current Returns As a Result of Initial Offering, Refinancing or Material Asset Restructuring" (CSRC Announcement [2015] No. 31), to safeguard the right of information and to protect the interests of minority investors, China International Marine Containers (Group) Co., Ltd.(hereinafter referred to as the "Company") has made the following explanations on the impact of dilution of current returns as a result of the non-public issuance of A Shares (hereinafter referred to as the "Issuance") on the key financial indicators of the Company and the corresponding remedial measures to be adopted by the Company:

I. IMPACT OF DILUTION OF CURRENT RETURNS AS A RESULT OF THE ISSUANCE ON THE KEY FINANCIAL INDICATORS OF THE COMPANY

(I) Key financial indicators prior to the Issuance

As audited by PricewaterhouseCoopers Zhong Tian LLP (Special General Partnership), the Company's earnings per share, rate of return on net assets and other financial indicators for 2016 are as follows:

Item	**31 December 2016/2016**
Total share capital (10,000 shares)	297,858
Net assets attributable to shareholders of the parent company and other equity holders (RMB'000)	29,285,970
Net profit attributable to shareholders of the parent company and other equity holders (RMB'000)	539,660
Basic earnings per share (RMB)	0.14
Diluted earnings per share (RMB)	0.14
Net assets per share attributable to shareholders of the parent company (RMB)	9.14
Weighted average return on net assets (%)	1.6%

(II) Assumptions made in estimating the impact of dilution of current returns as a result of the Issuance on the key financial indicators of the Company

1. The Company's assumptions and analysis of its net profit for 2017 does not constitute a profit forecast of the Company, and investors should not make investment decisions based on such analysis, as the realization of profit is subject to a number of uncertain factors, such as the country's macro policies and conditions of the capital market. The Company takes no responsibility for any losses arising from investment decisions made by investors.

2. The Issuance is expected to be completed by the end of October 2017. It is assumed that the Company's share capital change will reflect the effect of completion of the Issuance from October 2017 onwards. The Issuance is subject to the amount of proceeds to be raised as approved by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") and the actual time of completion.

3. Proceeds from the Issuance will be RMB6 billion (excluding the issuance expenses).

4. The number of shares to be issued is 391,900,718 shares, which represent the cap as set out in the proposal of Issuance.

5. The impact of receipt of proceeds from the Issuance on the Company's operations and financial conditions (such as revenue, financial expenses and return on investment) has not been considered.

6. The impact of non-recurring profit or loss on net profit has not been considered.

7. In forecasting net assets of the Company following completion of the Issuance, the impact of other factors (other than the proceeds raised and net profit) on net assets has not been considered.

8. The Company's profits distribution plan for 2017 remains the same as that for 2016, and payment of dividends for 2016 will be completed in July 2016.

9. In calculating the basic earnings per share, interest on the perpetual bonds in the amount of RMB119.79 million will be deducted from the net profit attributable to shareholders of the parent company and other equity holders.

10. In calculating the diluted earnings per share, interest on the perpetual bonds in the amount of RMB119.79 million will be deducted from the net profit attributable to shareholders of the parent company and other equity holders

(the share-based payment plan of CIMC Enric Holdings Limited (中集安瑞科控股有限公司), a subsidiary of the Company, will have no impact on the calculation of the diluted earning per share as it recorded loss for 2016).

(III) IMPACT ON THE KEY FINANCIAL INDICATORS OF THE COMPANY

Based on the above assumptions, the impact of dilution of current returns as a result of the Issuance on the key financial indicators of the Company is as follows:

Item	**2016**	**31 December 2016/2016**	
		Prior to the Issuance	**After the Issuance**
Weighted total share capital (10,000 shares)	297,830	297,912	304,444
Diluted total share capital (10,000 shares)	298,412	298,711	305,242
Assumption 1: Prior to the Issuance, net profit attributable to owners of the parent company and other equity holders for 2017 is RMB0.43 billion (down 20% over 2016)			
Net assets attributable to shareholders of the parent company and other equity holders (RMB'000)	29,285,970	29,537,811	35,537,811
Net profit attributable to shareholders of the parent company and other equity holders (RMB'000)	539,660	431,728	431,728
Basic earnings per share (RMB)	0.14	0.10	0.10
Diluted earnings per share (RMB)	0.14	0.10	0.10
Net assets per share attributable to shareholders of the parent company (RMB)	9.14	9.23	11.00
Net profit attributable to the parent company (RMB'000)	419,868	311,936	311,936
Weighted net assets attributable to the parent company (RMB'000)	27,236,935	27,317,950	28,317,950
Weighted average return on net assets (%)	1.6%	1.1%	1.1%

Item	2016	31 December 2016/2016 Prior to the Issuance	After the Issuance
Assumption 2: Prior to the Issuance, net profit attributable to owners of the parent company and other equity holders for 2017 remains flat with 2016			
Net assets attributable to shareholders of the parent company and other equity holders (RMB'000)	29,285,970	29,645,743	35,645,743
Net profit attributable to shareholders of the parent company and other equity holders (RMB'000)	539,660	539,660	539,660
Basic earnings per share (RMB)	0.14	0.14	0.14
Diluted earnings per share (RMB)	0.14	0.14	0.14
Net assets per share attributable to shareholders of the parent company (RMB)	9.14	9.26	11.04
Net profit attributable to the parent company (RMB'000)	419,868	419,868	419,868
Weighted net assets attributable to the parent company (RMB'000)	27,236,935	27,371,916	28,371,916
Weighted average return on net assets (%)	1.6%	1.5%	1.5%
Assumption 3: Prior to the Issuance, the net profit attributable to owners of the parent company and other equity holders for 2017 is RMB0.65 billion (up 20% over 2016)			
Net assets attributable to shareholders of the parent company and other equity holders (RMB'000)	29,285,970	29,753,675	35,753,675
Net profit attributable to shareholders of the parent company and other equity holders (RMB'000)	539,660	647,592	647,592
Basic earnings per share (RMB)	0.14	0.18	0.17
Diluted earnings per share (RMB)	0.14	0.18	0.17

Item	2016	31 December 2016/2016 Prior to the Issuance	After the Issuance
Net assets per share attributable to shareholders of the parent company (RMB)	9.14	9.30	11.07
Net profit attributable to the parent company (RMB'000)	419,868	527,800	527,800
Weighted net assets attributable to the parent company (RMB'000)	27,236,935	27,425,882	28,425,882
Weighted average return on net assets (%)	1.6%	1.9%	1.9%

Note 1: Assuming net assets attributable to shareholders of the parent company and other equity holders as at 31 December 2017 = net assets attributable to shareholders of the parent company and other equity holders as at 31 December 2016 + estimated amount of proceeds from the Issuance + estimated amount of net profit attributable to shareholders of the parent company and other equity holders for 2017 – cash dividends payable for the current period.

Note 2: Basic earnings per share = net profit attributable to shareholders of the parent company for the current period ÷ weighted average number of ordinary shares outstanding; the weighted average number of ordinary shares outstanding = the number of ordinary shares outstanding at the beginning of the period + the number of new ordinary shares in the current period × the lapsed time after issuance ÷ the time within the reporting period – the number of ordinary shares repurchased in the current period × the lapsed time after repurchase ÷ the time within the reporting period.

Note 3: Weighted average return on net assets= net profit attributable to shareholders of the parent company for the reporting period/(net assets attributable to shareholders of the parent company at the beginning of the reporting period+ net profit attributable to shareholders of the parent company for the reporting period÷2+ additional net assets attributable to shareholders of the parent company from issuance of new shares during the reporting period × number of months calculating from the next month immediately following completion of the Issuance to the end of the reporting period ÷ number of months within the reporting period-reduced net assets attributable to shareholders of the parent company due to distribution of cash dividends during the reporting period × number of months calculating from the next month immediately following completion of dividend payment to the end of the reporting period ÷number of months within the reporting period).

As it takes a certain period of time from the investment and utilization of proceeds to be raised until actual return is generated, with the increase of share capital and net assets of the Company, indicators such as earnings per share and weighted average return on net asset will decrease in the short term.

II. SPECIAL RISK WARNING ON THE DILUTION OF CURRENT RETURNS AS A RESULT OF THE ISSUANCE

Upon the funds raised from the Issuance are in place, the share capital and the net assets of the Company will increase. Since the construction of investment projects financed by the Issuance will take some time, return to shareholders during the construction period can still be achieved mainly through our existing businesses. As a result, the enlarged share capital and net assets may lead to a dilution in earnings per share and return on asset of the Company in the short term, therefore the abovementioned indicators are exposed to risk of decrease in the short term. The Company reminds investors to make rational investment and pay attention to the risk of dilution of current returns after the Issuance.

III. SPECIFIC MEASURES TO COMPENSATE THE DILUTION OF CURRENT RETURNS AS A RESULT OF THE ISSUANCE

As the Issuance will increase the total share capital of the Company, the Company is exposed to the risks of dilution of return to shareholders. To reduce the impact on the current returns as a result of the Issuance, the Company intends to compensate the dilution on current returns as a result of the Issuance through the following measures:

(I) Strengthen the supervision of investment projects financed by the proceeds raised to ensure the reasonable and legitimate use of funds raised

In order to regulate the use and management of funds raised by the Company to ensure the regulated, secure and efficient use of funds raised, the Company has revised the "Management System of Funds Raised". Upon the completion of the Issuance, funds raised will be placed in the special account designated by the Board, the special account will be used as special reserve and the amount will only be used for the specific designated purpose, so as to ensure the reasonable and regulated use of funds raised.

(II) Strengthen operations management and internal control, improve operational efficiency and profitability

Since the listing of the Company, rapid development has been achieved, and the operating experience and technological reserves accumulated over the past years have laid a solid foundation for the future development of the Company. The Company will strive to improve capital efficiency, perfect and strengthen the investment decision making process, formulate more reasonable fund using proposals, use various financing instruments and channels in a reasonable manner, control the cost of capital, enhance capital utilization efficiency, reduce various fees and expenses of the Company, and control the operating and management risks of the Company in a comprehensive and effective manner.

(III) Ensure a sustainable and stable profit distribution system, strengthen the investor return mechanism

According to the "Notice on Further Implementation of Cash Dividend Related Matters of Listed Companies" (Zheng Jian Fa [2012] No. 37) and "Regulatory Guidelines for Listed Companies No. 3 – Cash Dividend Distribution of Listed Companies" (CSRC Announcement [2013] No. 43) promulgated by the CSRC and other relevant laws and regulations, and to improve and perfect the sustainable, scientific and stable dividend distribution mechanism for shareholders and relevant monitoring mechanism, proactively generate returns to the investors, substantially protect the legitimate rights and interests of the shareholders as a whole, the Company has revised its "Articles of Association", and improved its profit distribution system, so as to ensure the continuity and stability of the shareholders' return mechanism.

(IV) Undertakings made by the Directors and Senior Management of the Company in relation to the measures to be taken in order to remedy the dilution of current returns as a result of the Issuance

The Directors and Senior Management of the Company undertake that they will faithfully and diligently perform their duties, safeguard the legitimate rights and interests of the Company and the shareholders as a whole, and make the following commitments to ensure the effective implementation of remedial measures to compensate the dilution of current returns as a result of the Issuance in accordance with the relevant regulations of the CSRC:

1. The Directors and Senior Management of the Company undertake that they will not transfer benefits to other entities or individuals for free or under unfair terms and conditions, or otherwise jeopardize the interests of the Company;

2. The Directors and Senior Management of the Company undertake that they will restrict their spendings in fulfilling their duties;

3. The Directors and Senior Management of the Company undertake that they will not use the assets of the Company in investment and consumption activities not related to the fulfillment of their duties;

4. The Directors and Senior Management of the Company undertake that the remuneration policies formulated by the Board or the Remuneration and Appraisal Committee will be linked to the implementation of remedial measures to compensate the diluted returns;

5. If the Company implements any equity incentive scheme in the future, the Directors and Senior Management of the Company undertake that the vesting conditions of the equity incentive will be linked to the implementation of remedial measures to compensate the diluted returns;

6. From the date on which the undertakings by the Directors and Senior Management of the Company are made to the date before the completion of the Issuance by the Company, if the CSRC promulgates any other new regulatory requirements in relation to the remedial measures to compensate for the diluted returns and the undertakings made in this respect, and if the above undertakings made by the Directors and Senior Management cannot satisfy the requirements of the CSRC, the Directors and Senior Management of the Company undertake that they will issue supplementary undertakings in accordance with the latest requirements of the CSRC;

7. The Directors and Senior Management undertake that they will effectively implement the remedial measures to compensate for the diluted returns formulated by the Company and the undertakings made in this report. If any such undertaking is violated and consequently incurs loss to the Company or investors, the Directors and Senior Management of the Company will bear the compensation liability to the Company or investors in accordance with the laws.

The above measures will facilitate the enhancement of the overall asset quality of the Company, increase sales revenue, improve long-term profitability and realize the sustainable development of the Company so as to yield returns to the shareholders.

In conclusion, upon the completion of the Issuance, the Company will use the funds raised in a reasonable and regulated manner, enhance capital utilization efficiency, continue to improve operating results through various measures, and where the prerequisite conditions for profit distribution have been satisfied, the Company will proactively realize profit distribution to shareholders so as to enhance the capability of the Company to yield returns to the investors.

The Board of China International Marine Containers (Group) Co., Ltd.
21 April 2017

The Report on Use of Proceeds from Fund Raising Activities in 2016 and the Verification Report Thereon is written in Chinese. The English translation is provided for reference only. In case of any discrepancy between the two versions, the Chinese version shall prevail.

pwc 普华永道

VERIFICATION REPORT ON THE SPECIAL REPORT ON PLACEMENT AND USE OF PROCEEDS

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To the Board of Directors of China International Marine Containers (Group) Co., Ltd.,

We have been engaged by China International Marine Containers (Group) Co., Ltd. ("CIMC") to provide verification at a reasonable and guaranteed level on its special report on the placement and use of funds raised in 2016 (the "Special Report on Placement and Use of Proceeds").

It is the responsibility of the senior management of CIMC to prepare the Special Report on Placement and Use of Proceeds in accordance with the CSRC Announcement [2012] No. 44: the Regulatory Guidance for Listed Companies No. 2 – Regulatory Requirements on Management and Use of Proceeds Raised by Listed Companies and the Guidance on Regulated Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange issued by Shenzhen Stock Exchange (revised in 2015), including the planning, implementation and maintenance of internal control over the preparation of the Special Report on Placement and Use of Proceeds to ensure its truthfulness, accuracy and completeness and ensure the absence of false records, misleading statements or material omissions.

Our responsibility is to express an opinion on the Special Report on Placement and Use of Proceeds based on our verification work performed. We have conducted our verification work in accordance with the "PRC Certified Accountant Other Verification Business Standard No. 3101 – Verification Engagements Other Than Audit or Review of Historical Financial Information", which requires us to plan and perform our verification work in compliance with professional ethics so as to obtain a reasonable level of assurance of whether the Special Report on Placement and Use of Proceeds has been prepared, in all material aspects, in accordance with the CSRC Announcement [2012] No. 44: the Regulatory Guidance for Listed Companies No. 2 – Regulatory Requirements on Management and Use of Proceeds Raised by Listed Companies and the Guidance on Regulated Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange issued by Shenzhen Stock Exchange (revised in 2015), and has given a true picture of the placement and use of proceeds raised by CIMC in 2016 in all material aspects.

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Implementation of verification procedures is involved in performing a reasonable and guaranteed level of verification work so as to obtain sufficient and appropriate evidences of whether the Special Report on Placement and Use of Proceeds has been prepared, in all material aspects, in accordance with the CSRC Announcement [2012] No. 44: the Regulatory Guidance for Listed Companies No. 2 – Regulatory Requirements on Management and Use of Proceeds Raised by Listed Companies and the Guidance on Regulated Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange issued by Shenzhen Stock Exchange, and has given a true picture of the placement and use of proceeds raised by CIMC in 2016 in all material aspects. The verification procedures we chose were dependent upon our professional judgment, including our assessment of the risk of material misstatement of the Special Report on Placement and Use of Proceeds, whether due to fraud or error. In performing our verification work, we have carried out procedures we deemed necessary in the circumstances of CIMC, including in-depth understanding, inquiries, examination, and re-calculation. We believe that the evidences we have obtained are sufficient and appropriate to provide a basis for our opinions.

In our opinion, the Special Report on Placement and Use of Proceeds has been prepared, in all material aspects, in accordance with the CSRC Announcement [2012] No. 44: the Regulatory Guidance for Listed Companies No. 2 – Regulatory Requirements on Management and Use of Proceeds Raised by Listed Companies and the Guidance on Regulated Operation of Companies Listed on the Main Board of Shenzhen Stock Exchange issued by Shenzhen Stock Exchange, and has given a true picture of the placement and use of proceeds raised by CIMC in 2016, in all material aspects.

This verification report is provided for the sole purpose of incorporation in CIMC's annual report for 2016 as per the abovementioned requirements, and shall not be used for any other purposes.

PricewaterhouseCoopers Zhong Tian LLP	Certified Public Accountant	Cao Cuili
Shanghai, the People's Republic of China 27 March 2017	Certified Public Accountant	Cai Zhifeng

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CHINA INTERNATIONAL MARINE CONTAINERS (GROUP) CO., LTD. SPECIAL REPORT ON PLACEMENT AND USE OF PROCEEDS

I. Basic Information of the Proceeds

Pursuant to the "Approval of the Issue of Additional Overseas Listed Foreign Shares by China International Marine Containers (Group) Co., Ltd." (《關於核准中國國際海運集裝箱(集團)股份有限公司增發境外上市外資股的批覆》) (Zheng Jian Xu Ke [2015] No. 1749) issued by the China Securities Regulatory Commission on 22 July 2015 and the approval of the Hong Kong Stock Exchange, China International Marine Containers (Group) Co., Ltd. (the "Company") issued 286,096,100 overseas listed foreign shares ("H Shares") to specific investors at an issue price of HK$13.48 per share (equivalent to RMB11.28) in December 2015 for the purpose of raising proceeds in an aggregate amount of HK$3,856,575,428 (equivalent to RMB3,227,639,131 based on the effective exchange rate on the payment receipt date) and the actual amount of proceeds raised was HK$3,856,575,428 (equivalent to RMB3,227,639,131) (the "Proceeds"). As of 31 December 2015, all the Proceeds mentioned above had been received.

As at 31 December 2016, the Company has utilized HK$3,635 (equivalent to RMB3,115) of the Proceeds, which added up to a total utilized amount of HK$3,856,003,635 (equivalent to RMB3,227,160,660), with an unused balance of HK$571,793 (equivalent to RMB511,475).

II. Management of the Proceeds

(I) Formulation of the management methods for Proceeds

In order to regulate the management and use of the Proceeds, the Company has formulated the Management System for Proceeds of China International Marine Containers (Group) Co., Ltd. in consideration of reality, which made a detailed provision on such aspects as the scope of proceeds raised by the Company, the regulations on dedicated account for Proceeds, the signing of agreements on supervision of Proceeds deposited in a dedicated account with the sponsors and the commercial banks in which the Proceeds are deposited, the management and supervision of the use of Proceeds, changes in the investment projects invested with Proceeds.

(II) Deposit of the Proceeds from placing of new H Shares in the bank account and the supervision thereof

The Company deposited the Proceeds from placing of new H Shares in an account maintained with Standard Chartered Bank (Hong Kong) Limited. As at 31 December 2016, the details of the opening bank and bank account in which the unused Proceeds are deposited are set forth in the following table. The difference between the balance and the unused amount of HK$571,793 (equivalent to RMB511,475) is mainly the deposit of HK$8,548 (equivalent to RMB7,646) in the general account of the Company. As this is a placing of new H Shares, the Proceeds were not placed in a special account for supervision.

Unit: HK$

Opening Bank	Account No.	Type of Deposit	Balance
Standard Chartered Bank (Hong Kong) Limited	4478032810	Demand	580,341 (equivalent to RMB519,121)

As this is a placing of new H Shares and no sponsor was engaged, CIMC did not have to sign a Third Party Supervision Agreement for Raised Proceeds with any sponsor or bank.

III. Use of Proceeds During the Year

The Company used the Proceeds to supplement its working capital in accordance with the purpose as approved by the Board of the Company with a resolution on 26 March 2015. As at 31 December 2016, HK$571,793 (equivalent to RMB511,475) of the Proceeds from placing of new H Shares was still deposited in the bank account, with the rest already used to supplement the working capital.

The use of the Proceeds from placing of new H Shares by the Company during the year is illustrated in Schedule 1 Table of Use of Proceeds.

IV. Changes in the Use of Proceeds in the Investment Projects Invested with Proceeds

The Company was not aware of any changes in the investment projects invested with Proceeds or transfer or swap of the investment projects.

V. Problems in Relation to the Use of Proceeds and Disclosure Thereof

The Company was not aware of any delay, untruthfulness, inaccuracy or incompleteness in relation to the information disclosed by it.

The Board of Directors of China International Marine Containers (Group) Co., Ltd.
27 March 2017

Schedule 1: Table of Use of Proceeds

As of 31 December 2016, utilization of the Proceeds from placing of new H Shares by the Company is as follows:

Unit: HK$

Total amount of Proceeds raised				3,856,575,428 (equivalent to RMB3,227,639,131)		Total investment of the Proceeds during the year		3,635 (equivalent to RMB3,115)				
Total amount of Proceeds subject to a change of original use				–		Accumulated total amount of Proceeds used		3,856,003,635 (equivalent to RMB3,227,160,660)				
Percentage of total amount of Proceeds subject to a change of original use				–								
Committed investment project	Changed (partially changed) projects (if any)	Total investment with Proceeds committed	Adjusted total investment	Investment committed as at the end of the period(1)	Investment during the year	Total investment as at the end of the period(2)	Difference between total investment and investment committed as at the end of the period (3)=(2)-(1)	Progress as at the end of the period (%) (4)=(2)/(1)	The date for the project to reach working condition for its intended use	Yield for the year	Up to expectation or not	Material changes to feasibility of the project
Working capital	None	3,856,575,428	3,856,575,428	3,856,575,428	3,635	3,856,003,635	571,793	99.99%	N/A	N/A	N/A	N/A
Reasons why the project has not progressed as planned (by individual investment project)					–							
Material changes to feasibility of the project					–							
Advancing and replacement of Proceeds used in the investment projects					There was no advancing and replacement of Proceeds used in the investment projects during the year.							
Temporarily supplementing the working capital with idle Proceeds					–							
Balance of the Proceeds and the reason for its formation					HK$571,793 (equivalent to RMB511,475) of the Proceeds has not yet been used, as the Proceeds were not totally used to supplement the working capital at once during the year.							
Other uses of Proceeds					–							