



ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHINA FIRE SAFETY ENTERPRISE GROUP LIMITED

Introduction

We report on the historical financial information of Shenzhen CIMC-TianDa Airport Support Limited ("TianDa") and its subsidiaries (together, the "TianDa Group") set out on pages III(B)-4 to III(B)-93, which comprises TianDa's consolidated and company statements of financial position as at 31 December 2014, 2015 and 2016 and 30 September 2017, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Relevant Periods") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages III(B)-4 to III(B)-93 forms an integral part of this report, which has been prepared for inclusion in the circular of China Fire Safety Enterprise Group Limited (the "Company") dated 15 March 2018 (the "Circular") in connection with the proposed acquisition of TianDa by the Company.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The financial statements of the TianDa Group for the Relevant Periods ("Underlying Financial Statements"), on which the Historical Financial Information is based, were prepared by the directors of the Company based on the previously issued financial statements and management accounts of the TianDa Group for the Relevant Periods. The directors of TianDa are responsible for the preparation of the previously issued financial statements and management accounts of the TianDa Group in accordance with the relevant accounting principles generally accepted in their place of incorporation and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of TianDa as at 31 December 2014, 2015 and 2016 and 30 September 2017 and the consolidated financial position of the TianDa Group as at 31 December 2014, 2015 and 2016 and 30 September 2017 and of its consolidated financial performance and its consolidated cash flows for the Relevant Periods in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information.


Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the TianDa Group which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the nine months ended 30 September 2016 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant’s report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Notes 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.



PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
15 March 2018

SHENZHEN CIMC-TIANDA AIRPORT SUPPORT LIMITED

I HISTORICAL FINANCIAL INFORMATION OF THE TIANDA GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the TianDa Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

(a) Consolidated Statements of Profit or Loss

	Note	Year ended December 31,			Nine months ended September 30,	
		2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Revenue	6	983,725	1,125,928	1,134,165	385,410	409,728
Cost of sales	11	(725,530)	(870,696)	(824,842)	(266,188)	(308,826)
Gross profit		258,195	255,232	309,323	119,222	100,902
Other income	7	8,910	33,596	39,490	21,391	29,598
Selling and distribution expenses	11	(53,089)	(51,972)	(54,295)	(39,915)	(32,662)
General and administrative expenses	11	(109,213)	(117,712)	(146,181)	(92,757)	(111,930)
Other (losses)/gains – net	8	(573)	61	6,418	6,133	4,454
Operating profit/(loss)		104,230	119,205	154,755	14,074	(9,638)
Finance costs	9	(1,495)	(8,024)	(6,928)	(5,564)	(4,664)
Profit/(loss) before income tax		102,735	111,181	147,827	8,510	(14,302)
Income tax (expense)/credit	10	(14,800)	(14,357)	(17,681)	1,619	3,006
Profit/(loss) for the year/period		<u>87,935</u>	<u>96,824</u>	<u>130,146</u>	<u>10,129</u>	<u>(11,296)</u>
Profit/(loss) for the year/period attributable to:						
Equity holders of TianDa		86,358	95,925	128,541	9,044	(11,638)
Non-controlling interests		1,577	899	1,605	1,085	342
		<u>87,935</u>	<u>96,824</u>	<u>130,146</u>	<u>10,129</u>	<u>(11,296)</u>

(b) Consolidated Statements of Comprehensive Income

Note	Year ended December 31,			Nine months ended	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit/(loss) for the year/period	<u>87,935</u>	<u>96,824</u>	<u>130,146</u>	<u>10,129</u>	<u>(11,296)</u>
Other comprehensive income:					
<i>Items that may not be reclassified to profit or loss</i>					
Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights	<u>-</u>	<u>25,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other comprehensive income for the year/period, net of tax	<u>-</u>	<u>25,943</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year/period	<u><u>87,935</u></u>	<u><u>122,767</u></u>	<u><u>130,146</u></u>	<u><u>10,129</u></u>	<u><u>(11,296)</u></u>
Total comprehensive income for the year/period attributable to:					
- Equity holders of TianDa	<u>86,358</u>	<u>121,868</u>	<u>128,541</u>	<u>9,044</u>	<u>(11,638)</u>
- Non-controlling interests	<u>1,577</u>	<u>899</u>	<u>1,605</u>	<u>1,085</u>	<u>342</u>
	<u><u>87,935</u></u>	<u><u>122,767</u></u>	<u><u>130,146</u></u>	<u><u>10,129</u></u>	<u><u>(11,296)</u></u>

(c) Consolidated Statements of Financial Position

		As at December 31,			As at
		2014	2015	2016	September 30,
	Note	RMB'000	RMB'000	RMB'000	2017
					RMB'000
ASSETS					
Non-current assets					
Land use rights	13	66,654	70,474	68,911	67,739
Property, plant and equipment	14	178,964	391,948	445,939	431,942
Investment properties	15	–	66,155	68,516	69,545
Intangible assets	16	13,521	65,325	54,181	124,493
Deferred income tax assets	24	19,855	16,834	20,324	24,274
		<u>278,994</u>	<u>610,736</u>	<u>657,871</u>	<u>717,993</u>
Current assets					
Inventories	21	259,804	182,182	228,376	544,971
Trade receivables	22	639,356	685,495	874,525	580,842
Prepayments and other receivables	22	104,590	74,365	113,088	248,660
Financial assets at fair value through profit or loss	19	187	–	–	105
Pledged bank deposits	23	–	1,075	1,040	544
Cash and cash equivalents	23	153,930	72,933	123,582	175,761
		<u>1,157,867</u>	<u>1,016,050</u>	<u>1,340,611</u>	<u>1,550,883</u>
Total assets		<u><u>1,436,861</u></u>	<u><u>1,626,786</u></u>	<u><u>1,998,482</u></u>	<u><u>2,268,876</u></u>
EQUITY					
Equity attributable to owners of TianDa					
Share capital	25	103,666	103,666	103,666	103,666
Reserves	26	362,257	484,125	612,666	605,897
		<u>465,923</u>	<u>587,791</u>	<u>716,332</u>	<u>709,563</u>
Non-controlling interests		<u>8,817</u>	<u>12,851</u>	<u>14,456</u>	<u>35,442</u>
Total equity		<u><u>474,740</u></u>	<u><u>600,642</u></u>	<u><u>730,788</u></u>	<u><u>745,005</u></u>

		As at December 31,			As at
		2014	2015	2016	September 30,
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES					
Non-current liabilities					
Trade and other payables	27	–	11,389	78,130	79,088
Borrowings	28	–	5,891	47,269	47,269
Deferred income	30	40,765	43,022	50,748	69,682
		<u>40,765</u>	<u>60,302</u>	<u>176,147</u>	<u>196,039</u>
Current liabilities					
Trade and other payables	27	661,057	833,760	993,579	1,221,196
Borrowings	28	185,000	53,000	20,000	50,000
Provisions	29	54,245	60,895	56,838	54,812
Current income tax liabilities		21,054	16,151	21,128	1,824
Financial liabilities at fair value through profit or loss	19	–	2,036	2	–
		<u>921,356</u>	<u>965,842</u>	<u>1,091,547</u>	<u>1,327,832</u>
Total liabilities		<u>962,121</u>	<u>1,026,144</u>	<u>1,267,694</u>	<u>1,523,871</u>
Total equity and liabilities		<u>1,436,861</u>	<u>1,626,786</u>	<u>1,998,482</u>	<u>2,268,876</u>

(d) Statements of Financial Position

		As at December 31,			As at
		2014	2015	2016	September 30,
	Note	RMB'000	RMB'000	RMB'000	2017
					RMB'000
ASSETS					
Non-current assets					
Land use rights	13	58,218	39,682	38,746	38,045
Property, plant and equipment	14	174,864	271,738	273,756	263,708
Investment properties	15	–	66,155	68,516	69,545
Intangible assets	16	11,254	63,064	51,933	56,892
Deferred income tax assets		18,218	14,970	16,146	13,772
Investments in subsidiaries	17	109,691	158,191	183,192	227,072
		<u>372,245</u>	<u>613,800</u>	<u>632,289</u>	<u>669,034</u>
Current assets					
Inventories	21	233,369	156,350	209,437	463,805
Trade receivables	22	606,890	626,379	812,301	513,840
Prepayments and other receivables	22	111,450	72,731	81,563	160,984
Financial assets at fair value through profit or loss	19	187	–	–	105
Pledged bank deposits	23	–	1,075	517	518
Cash and cash equivalents	23	44,219	14,139	48,981	98,650
		<u>996,115</u>	<u>870,674</u>	<u>1,152,799</u>	<u>1,237,902</u>
Total assets		<u><u>1,368,360</u></u>	<u><u>1,484,474</u></u>	<u><u>1,785,088</u></u>	<u><u>1,906,936</u></u>
EQUITY					
Equity attributable to owners of TianDa					
Share capital	25	103,666	103,666	103,666	103,666
Reserves	26	367,128	487,794	611,402	628,083
Total equity		<u><u>470,794</u></u>	<u><u>591,460</u></u>	<u><u>715,068</u></u>	<u><u>731,749</u></u>

		As at December 31,			As at
		2014	2015	2016	September 30,
	Note	RMB'000	RMB'000	RMB'000	2017
					RMB'000
LIABILITIES					
Non-current liabilities					
Trade and other payables	27	–	11,389	12,630	10,978
Borrowings	28	–	5,891	47,269	47,269
Deferred income	30	40,765	43,022	50,748	53,282
		<u>40,765</u>	<u>60,302</u>	<u>110,647</u>	<u>111,529</u>
Current liabilities					
Trade and other payables	27	603,486	707,322	873,820	970,061
Borrowings	28	185,000	53,000	20,000	50,000
Provisions	29	48,214	54,348	45,186	41,961
Current income tax liabilities		20,101	16,006	20,365	1,636
Financial liabilities at fair value through profit or loss	19	–	2,036	2	–
		<u>856,801</u>	<u>832,712</u>	<u>959,373</u>	<u>1,063,658</u>
Total liabilities		<u>897,566</u>	<u>893,014</u>	<u>1,070,020</u>	<u>1,175,187</u>
Total equity and liabilities		<u><u>1,368,360</u></u>	<u><u>1,484,474</u></u>	<u><u>1,785,088</u></u>	<u><u>1,906,936</u></u>

(e) Consolidated Statements of Changes in Equity

Note	Attributable to owners of TianDa					Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Surplus reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
Balance as at January 1, 2014	103,666	9,378	(14,692)	281,213	379,565	9,327	388,892
Comprehensive income							
- Profit for the year	-	-	-	86,358	86,358	1,577	87,935
Total comprehensive income	-	-	-	86,358	86,358	1,577	87,935
Transaction with owners							
- Dividends to non-controlling interests	-	-	-	-	-	(2,087)	(2,087)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	(2,087)	(2,087)
Balance at December 31, 2014	103,666	9,378	(14,692)	367,571	465,923	8,817	474,740

Attributable to owners of TianDa

Note	Attributable to owners of TianDa						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Assets revaluation reserve RMB'000	Surplus reserves RMB'000	Capital reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
Balance as at January 1, 2015	103,666	-	9,378	(14,692)	367,571	465,923	8,817	474,740
Comprehensive income								
- Profit for the year	-	-	-	-	95,925	95,925	899	96,824
Other comprehensive income								
- Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights	-	25,943	-	-	-	25,943	-	25,943
Total comprehensive income for the year	-	25,943	-	-	95,925	121,868	899	122,767
Transaction with owners								
- Capital injection from non-controlling interests	-	-	-	-	-	-	4,500	4,500
- Dividends to non-controlling interests	-	-	-	-	-	-	(1,365)	(1,365)
Total transactions with owners, recognised directly in equity	-	-	-	-	-	-	3,135	3,135
Balance at December 31, 2015	103,666	25,943	9,378	(14,692)	463,496	587,791	12,851	600,642

Attributable to owners of TianDa								
		Assets	Surplus	Capital	Retained		Non-controlling	Total
	Share	revaluation	reserves	reserve	earnings	Sub-total	interests	equity
Note	capital	reserve	reserves	reserve	earnings	Sub-total	interests	equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2016	103,666	25,943	9,378	(14,692)	463,496	587,791	12,851	600,642
Comprehensive income - Profit for the year	-	-	-	-	128,541	128,541	1,605	130,146
Total comprehensive income for the year	-	-	-	-	128,541	128,541	1,605	130,146
Balance at December 31, 2016	<u>103,666</u>	<u>25,943</u>	<u>9,378</u>	<u>(14,692)</u>	<u>592,037</u>	<u>716,332</u>	<u>14,456</u>	<u>730,788</u>

Attributable to owners of TianDa								
	Share	Assets	Surplus	Capital	Retained		Non-	Total
	capital	revaluation	reserves	reserve	earnings	Sub-total	controlling	equity
Note	capital	reserve	reserves	reserve	earnings	Sub-total	interests	equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Unaudited: Balance as at January 1, 2016	103,666	25,943	9,378	(14,692)	463,496	587,791	12,851	600,642
Comprehensive income - Loss for the period	-	-	-	-	9,044	9,044	1,085	10,129
Total comprehensive income for the period	-	-	-	-	9,044	9,044	1,085	10,129
Balance at September 30, 2016	<u>103,666</u>	<u>25,943</u>	<u>9,378</u>	<u>(14,692)</u>	<u>472,540</u>	<u>596,835</u>	<u>13,936</u>	<u>610,771</u>

		Attributable to owners of TianDa								
	Note	Share capital	Assets revaluation reserve	Surplus reserves	Capital reserve	Other reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance as at January 1, 2017		103,666	25,943	9,378	(14,692)	-	592,037	716,332	14,456	730,788
Comprehensive income										
- Loss for the period		-	-	-	-	-	(11,638)	(11,638)	342	(11,296)
Total comprehensive income for the period		-	-	-	-	-	(11,638)	(11,638)	342	(11,296)
Transaction with owners										
- Disposal of a subsidiary without loss of control	25(b)	-	-	-	-	4,869	-	4,869	7,131	12,000
- Capital injection from non-controlling interests		-	-	-	-	-	-	-	15,000	15,000
- Dividends to non-controlling interests		-	-	-	-	-	-	-	(1,487)	(1,487)
Total transactions with owners, recognised directly in equity		-	-	-	-	4,869	-	4,869	20,644	25,513
Balance at September 30, 2017		<u>103,666</u>	<u>25,943</u>	<u>9,378</u>	<u>(14,692)</u>	<u>4,869</u>	<u>580,399</u>	<u>709,563</u>	<u>35,442</u>	<u>745,005</u>

(f) Consolidated Statements of Cash Flows

<i>Note</i>	Year ended December 31,			Nine months ended	
	2014	2015	2016	September 30,	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Cash flow from operating activities					
Profit/(loss) before income tax	102,735	111,181	147,827	8,510	(14,302)
Adjustments for:					
Depreciation and amortisation	4,735	15,569	29,174	21,565	27,725
Loss/(gain) on disposal of property, plant and equipment	1,557	157	(332)	(324)	2
Interest income	(2,518)	(1,672)	(1,275)	(731)	(696)
Interest expense	1,495	8,024	6,928	5,564	4,664
(Gain)/loss from change in fair value of other financial assets	(893)	3,567	1,167	1,165	612
Gain on fair value of investment properties	—	—	(1,960)	(649)	(1,029)
Operating profit before working capital changes	107,111	136,826	181,529	35,100	16,976
Inventories	(45,639)	96,749	(46,194)	(241,209)	(308,993)
Trade and other receivables	(164,215)	(41,373)	(150,792)	198,204	172,971
Trade and other payables	182,555	2,198	212,360	146,354	213,547
Provisions	16,157	6,650	(4,057)	654	(2,026)
Cash generated from operations	95,969	201,050	192,846	139,103	92,475
Income tax paid	(14,879)	(20,818)	(18,119)	(14,033)	(20,321)
Net cash generated from operating activities	<u>81,090</u>	<u>180,232</u>	<u>174,727</u>	<u>125,070</u>	<u>72,154</u>

	Note	Year ended December 31,			Nine months ended	
		2014	2015	2016	September 30,	2017
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Cash flow from investing activities						
Additions to property, plant and equipment and intangible assets		(58,934)	(237,347)	(77,128)	(71,112)	(61,850)
Proceeds from sale of property, plant and equipment		16	212	475	421	95
Interest received		2,518	1,672	1,275	731	696
Cash received from government grants related to assets		–	4,800	15,600	15,300	6,220
Acquisition of a subsidiary, net of cash acquired	32i(c)	–	–	–	–	(4,486)
Loan to related parties		–	–	(10,000)	(10,000)	–
Net cash flows used in investing activities		<u>(56,400)</u>	<u>(230,663)</u>	<u>(69,778)</u>	<u>(64,660)</u>	<u>(59,325)</u>
Cash flow from financing activities						
Proceeds of borrowings from related companies		250,000	330,681	195,500	195,500	65,000
Proceeds of borrowings from banks		90,000	65,891	51,377	34,044	–
Repayment of borrowings to related companies		(240,353)	(298,476)	(266,435)	(251,837)	(35,000)
Repayment of borrowings to banks		–	(120,000)	(30,000)	(30,000)	–
Interest paid		(7,992)	(12,103)	(6,836)	(5,494)	(4,634)
Cash injection from non-controlling interest of a subsidiary		–	4,500	–	–	15,000
Dividend paid		–	(1,365)	–	–	–
Net cash generated from/(used in) financing activities		<u>91,655</u>	<u>(30,872)</u>	<u>(56,394)</u>	<u>(57,787)</u>	<u>40,366</u>
Net increase/(decrease) in cash and cash equivalents		116,345	(81,303)	48,555	2,623	53,195
Cash and cash equivalents at beginning of the year/period		38,279	153,930	72,933	72,933	123,582
Exchange (losses)/gains on cash and cash equivalents		(694)	306	2,094	(429)	(1,016)
Cash and cash equivalents at end of the year/period	23	<u><u>153,930</u></u>	<u><u>72,933</u></u>	<u><u>123,582</u></u>	<u><u>75,127</u></u>	<u><u>175,761</u></u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION

Shenzhen CIMC-TianDa Airport Support Limited (“TianDa”) is an equity joint venture established in Shenzhen, Guangdong in the People’s Republic of China (the “PRC”) by China International Marine Container (Group) Co., Ltd. (“CIMC Group”) and China International Marine Container (Hong Kong) Co., Ltd. (“CIMC-HK”). TianDa obtained an approval certificate “Shen Fu Wai Fu [1992] No.049B” from the People’s Government of Shenzhen City on 7 July 1992, and a business licence (No. 102866) on 18 July 1992 issued by Administration of Industry and Commerce in Shenzhen, Guangdong. The registered capital is United States dollars (“USD”) USD13,500,000. TianDa has an approved operating period of 30 years.

As at 1 January 2014, CIMC-HK and Shenzhen TGM Ltd. (“TGM”) held 70% and 30% of TianDa’s equity interest respectively.

On 19 August 2014, CIMC-HK and TGM completed the share swap transaction with Pteris Global Limited (“Pteris”). After the transaction, TianDa became a wholly-owned subsidiary of Pteris.

In July 2015, Pteris transferred 30% equity interest of TianDa to Lucky Rich Holdings Limited. After the transaction, Pteris held 70% equity interest of TianDa.

TianDa and its subsidiaries’ (the “TianDa Group”) principal activities are manufacturing and sales of various airport and port electromechanical equipment, automatic parking system and equipment, automatic logistic system and equipment, airport used special equipment (aircraft caterer’s delivery truck, aerospace self-propelled de-icing/anti-icing vehicle, container and container pallet loader, spreading vehicle, snow blower, and friction coefficient test vehicle), installation and rendering after-services for self-produced products and agent products, and car parking management services (operated by licensed branch office).

The Historical Financial Information are presented in Renminbi (“RMB”), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied during the Relevant Periods, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information of the TianDa Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), its amendments and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The Historical Financial Information have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the TianDa Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 3.

2.1.1 New/revised standards, amendments to standards and interpretations

All new standards, amendments to standards and interpretations, which are mandatory for the financial period beginning on 1 January 2017 are consistently applied to the TianDa Group for the Relevant Periods.

The adoption of these new or amended HKFRS did not result in substantial changes to the accounting policies of the TidnDa Group and TianDa, and had no material effect on the amounts reported for the current or prior financial years.

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the TianDa Group's accounting periods beginning on or after 1 January 2018 and which the TianDa Group has not early adopted:

- HKFRS 15 *Revenue from contracts with customers* (effective for annual periods beginning on or after 1 January 2018)

This is the converged standard on revenue recognition. It replaces HKAS 11 Construction contracts, HKAS 18 Revenue, and related interpretations. Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of HKFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

HKFRS 15 also includes a cohesive set of disclosure requirements that will result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

Management is currently assessing the effects of applying the new standard on the TianDa Group's financial statements and has identified the following areas that are likely to be affected:

- (i) Revenue from service - the application of HKFRS 15 may result in the identification of separate performance obligations which could affect the timing of the recognition of revenue.
- (ii) Rights of return - HKFRS 15 requires separate presentation on the statements of financial position of the right to recover the goods from the customer and the refund obligation, and.
- (iii) Accounting for certain costs incurred in fulfilling a contract - certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15.

At this stage, the TianDa Group is not able to estimate the impact of the new rules on the TianDa Group's financial statements. The TianDa Group will make more detailed assessment of the impact over the next twelve months.

- **HKFRS 9 *Financial instruments*** (effective for annual periods beginning on or after 1 January 2018)

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the TianDa Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt instruments currently classified as available-for-sale (AFS) financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income (FVOCI) and hence there will be no change to the accounting for these assets.

The other financial assets held by the TianDa Group include:

- (i) equity investments currently measured at fair value through profit or loss which would likely to continue to be measured on the same basis under HKFRS 9, and
- (ii) debt instruments classified as held-to-maturity or loans and receivables and measured at amortised cost appear to meet the conditions for classification at amortised cost under HKFRS 9.

Accordingly, the TianDa Group does not expect the new guidance to have a significant impact on the classification of its financial assets.

There will be no impact on the TianDa Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the TianDa Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under HKFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the TianDa Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the TianDa Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The TianDa Group does not intend to adopt HKFRS 9 before its mandatory date.

- **HKFRS 16 *Leases*** (effective for annual periods beginning on or after 1 January 2019)

HKFRS 16 will result in almost all leases being recognised on the lessee's statements of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The standard will affect primarily the accounting for the TianDa Group's operating leases. As at September 30, 2017, the TianDa Group has non-cancellable operating lease commitments of RMB22,343,000 (Note 31). However, the TianDa Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the TianDa Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

2.2 Revenue recognition

Sales comprise the fair value of the consideration received, the sale of goods and rendering of services in the ordinary course of the TianDa Group's activities. Sales are presented, net of value-added tax, rebates and discounts, and after eliminating sales within the TianDa Group.

The TianDa Group assess its role as an agent or principal for each transaction and in an agency arrangement the amounts collected on behalf of the principal are excluded from revenue. The TianDa Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the TianDa Group's activities are met as follows:

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates, and excludes value-added tax or any other sales tax. Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

For sales of airport equipment and material handling systems, there are two revenue sub-streams comprising (i) revenue from the sales of the equipment and systems and (ii) revenue from installation and testing services to customers in relation to those items. Revenue from the sales of the equipment and systems is recognised when the TianDa Group has delivered the items to locations specified by its customers and the customers have accepted the items in accordance with the sales contracts. For accounting policy for revenue from installation and testing services and the provision of training to customers in relation to those items, please refer to the paragraph Rendering of service.

Rendering of service

Revenue from rendering of maintenance and installation services is recognised in profit or loss when the service is rendered.

Rental income

Rental income from operating leases is recognised on a straight-line basis over the lease term.

2.3 Group accounting

(a) Subsidiaries

(i) Consolidation

Subsidiaries are all entities over which the TianDa Group has control. The TianDa Group controls an entity when the TianDa Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the TianDa Group. They are deconsolidated from the date on that control ceases.

In preparing the Historical Financial Information, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated but are considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the TianDa Group.

An entity shall attribute the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The entity shall also attribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the TianDa Group.

The consideration transferred for the acquisition of a subsidiary or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the TianDa Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the TianDa Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Please refer to the paragraph "Intangible assets - Goodwill" for the subsequent accounting policy on goodwill.

(iii) Disposals

When a change in the TianDa Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Transactions with non-controlling interests

Changes in the TianDa Group's ownership interest in a subsidiary that do not result in a loss of control over the subsidiary are accounted for as transactions with equity owners of TianDa. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of TianDa.

2.4 Property, plant and equipment

(a) Measurement

(i) Land and buildings

Freehold land and buildings are initially recognised at cost less accumulated impairment losses. Leasehold land and buildings are carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Other property, plant and equipment

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) Assets under construction

Assets under construction comprising development and construction costs incurred during the period of construction are carried at cost, less any recognised provision for impairment. Depreciation on these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for the intended use.

(iv) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs (refer to Note 2.6 on borrowing costs).

(b) **Depreciation**

Assets under construction are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings – China	50 years
Motor vehicles	5 – 7 years
Machinery and equipment	3 – 10 years
Office and other equipment	3 – 10 years

The residual values, estimated useful lives and depreciation method are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

(c) **Subsequent expenditure**

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) **Disposal**

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other (losses)/gains - net”.

2.5 Intangible assets

(a) **Measurement**

(i) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired.

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, joint ventures and associated companies include the carrying amount of goodwill relating to the entity sold.

(ii) *Research and development costs*

Research and development costs that are directly attributable to the design and testing of identifiable and unique optical products are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for sale in the future;
- Management intends to complete the product and sell it;

- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to sell the product are available;
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

(iii) *Other intangible assets*

Other intangible assets are measured at cost less accumulated amortisation and accumulated impairment losses.

(b) **Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(c) **Amortisation**

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives are as follow:

	Useful lives
Software	10 years
Operating rights of automated parking system	12 – 18 years
Patent for automatic sorting system	10 years
Patent for aircraft ground air conditioning	8 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties and assets under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period up to the issuance of the temporary occupation permit less any investment income on temporary investment of these borrowings, are capitalised in the cost of the property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

2.7 Investment properties

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

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

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

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

2.8 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the TianDa's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the TianDa Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Intangible assets **Property, plant and equipment** **Investments in subsidiaries**

Intangible assets, property, plant and equipment and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

(a) Classification

The TianDa Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term.

Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for non-current interest-free receivables from subsidiaries which have been accounted for in accordance with Note 2.8 on Investments in subsidiaries. Loans and receivables are presented as "Trade receivables", "Prepayments and other receivables" (Note 22) and "Cash and cash equivalents" (Note 23) on the statement of financial position.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date - the date on which the TianDa Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the TianDa Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity financial assets are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

(c) Impairment

The TianDa Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The impairment allowance is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Borrowings

Borrowings are presented as current liabilities unless the TianDa Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the TianDa Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and any accumulated impairment losses. Land use rights are amortised on a straight line basis over the lease terms of agreement of 50 years.

2.15 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss.

2.16 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities and derivatives) are based on quoted market prices at the end of the reporting period. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The TianDa Group uses a variety of methods and makes assumptions based on market conditions that are existing at the end of each reporting period. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of currency forwards are determined using actively quoted forward exchange rates.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.17 Leases

(a) When the TianDa Group is the lessee

The TianDa Group leases land, factories and warehouses under operating leases from non-related parties.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

(b) When the TianDa Group is the lessor

Lessor – Operating leases

The TianDa Group leases industrial land under operating leases to non-related parties.

Lease of industrial land where the TianDa Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the TianDa Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.18 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the weighted average cost principle. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Cost also includes any gains or losses on qualifying cash flow hedges of foreign currency purchases of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.19 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, associated companies and joint ventures, except where the TianDa Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the TianDa Group expects, at the end of the reporting period, to recover or settle the carrying amounts of its assets and liabilities except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

The TianDa Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.20 Provisions

Provisions for warranty are recognised when the TianDa Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The TianDa Group recognises the estimated liability to repair or replace products still under warranty at the end of the reporting period. This provision is calculated based on historical experience of the level of repairs and replacements.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.21 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the TianDa Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The TianDa Group has no further payment obligations once the contributions have been paid.

(b) Termination benefits

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The TianDa Group recognises termination benefits at the earlier of the following dates: (a) when the TianDa Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.22 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the TianDa Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Renminbi, which is the functional currency of TianDa.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in profit or loss. However, in the Historical Financial Information, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss within "finance costs". All other foreign exchange gains and losses impacting profit or loss are presented in the consolidated statement of profit or loss within "Other (losses)/gains - net".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of the TianDa Group entities' financial statements

The results and financial position of all the TianDa Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal of the entity giving rise to such reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.24 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.25 Government grants

Government grants are transfer of monetary assets from the government to the TianDa Group at no consideration, including taxes refund and financial allowances.

A government grant is recognised initially as deferred income when there is reasonable assurance that the grant will be received and the TianDa Group will comply with the conditions associated with the grant. If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount that is received or receivables. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at its fair value.

The grant is then recognised in profit or loss as other income on a systematic basis over the useful life of the asset. A grant that compensates the TianDa Group for expenses incurred is recognised in profit or loss as other income on a systematic basis in the same periods in which the expenses are recognised.

2.26 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.27 Dividends to TianDa's shareholders

Dividends to TianDa's shareholders are recognised when the dividends are approved for payment.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The TianDa Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Impairment of goodwill

Goodwill is tested for impairment annually in accordance with the accounting policy stated in Note 2.9.

The recoverable amounts of CGUs have been determined based on value in-use calculations. These calculations require the use of estimates. The details of the calculation and estimates used and the sensitivity analysis of the estimates are set out in Note 16(a).

(b) Impairment of loans and receivables

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management has made judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management has made judgements as to whether an impairment loss should be recorded as an expense. In determining this, management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, the TianDa Group recorded allowance for impairment of trade and other receivables amounting to RMB39,783,000, RMB45,112,000, RMB47,464,000 and RMB44,639,000. Further analysis of the TianDa Group's credit profile is set out in Note 22.

(c) **Uncertain tax positions**

The TianDa Group is subject to income taxes in several jurisdictions. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of income tax charged to profit or loss are set out in Note 10.

(d) **Warranties**

The TianDa Group and TianDa provide warranties on certain products and undertake to repair and replace items that fail to perform satisfactorily. Significant estimates are used by management to determine the amount of provision for warranties. In making these estimates, management has relied on past experience of the level of repairs and returns. Management is of the view that the provision for warranties is adequate at reporting dates. The details of provision are set out in Note 29.

(e) **Fair value estimation on investment properties**

The TianDa Group owns certain investment properties and carries them at fair value as at statement of financial position dates. Certain assumptions and estimates are made to determine the fair value on these investment properties. The details of the fair value and the estimates are set out in Note 15.

4 FINANCIAL RISK MANAGEMENT

The TianDa Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The TianDa Group's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the TianDa Group's financial performance.

4.1 Market risk

(a) **Foreign currency risk**

The TianDa Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in foreign currencies, i.e. currencies other than the functional currency of the operations to which the transactions relate.

The carrying amounts of the TianDa Group's foreign currency denominated monetary assets and monetary liabilities at December 31, 2014, 2015 and 2016 and September 30, 2017 are as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Assets				
United States dollars ("USD")	172,390	105,579	158,185	226,740
Euro ("EUR")	59,623	66,717	112,116	68,084
Total	<u>232,013</u>	<u>172,296</u>	<u>270,301</u>	<u>294,824</u>
Liabilities				
USD	(82,058)	(54,748)	(36,364)	(37,324)
EUR	(9,000)	(766)	(26,020)	(65,267)
Total	<u>(91,058)</u>	<u>(55,514)</u>	<u>(62,384)</u>	<u>(102,591)</u>

The TianDa Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The TianDa Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table details the TianDa Group's sensitivity to a reasonably possible change of 5% in exchange rate of each foreign currency against RMB while all other variables are held constant. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the end of the reporting period and adjusts their translation at each end of the reporting period for a 5% change in foreign currency rates.

	Increase/(decrease) in profit before tax for the year/period			
	Year ended December 31,			Nine months ended
	2014	2015	2016	September 30, 2017
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
- if RMB strengthens against foreign currencies				
USD	(4,517)	(2,542)	(6,091)	(9,471)
EUR	(2,531)	(3,298)	(4,305)	(141)
- if RMB weakens against foreign currencies				
USD	4,517	2,542	6,091	9,471
EUR	2,531	3,298	4,305	141

(b) Interest rate risk

The TianDa Group's interest rate risk arises from bank borrowings and loans from related parties. The TianDa Group's bank borrowings and loans from related parties are carried at various floating and fixed rates which expose the TianDa Group to cash flow and fair value interest rate risk respectively. The TianDa Group has not entered into any interest rate swaps to hedge its exposure to interest rate risk.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, if the interest rates had increased/decreased by 1% with all other variables including tax rate being held constant, the profit before tax for the year/period would have been lower/higher by RMB486,000, RMB1,311,000, RMB1,229,000 and RMB1,445,000, mainly as a result of higher/lower interest expense on these borrowings.

4.2 Credit risk

The TianDa Group's credit risk is primarily attributable to its cash and cash deposits at bank, trade, bills and other receivables. In order to minimise credit risk, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the TianDa Group's credit risk is significantly reduced.

For bank deposits, the TianDa Group placed the deposits with banks and financial institutions which have good collection track record. For trade receivables, the TianDa Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral or buying credit insurance where appropriate to mitigate credit risk. For other financial assets, the TianDa Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Head of Credit Control based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the respective management and at the TianDa Group level by the Head of Credit Control.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, the trade receivables of the TianDa Group and of TianDa comprise 19, 17, 20 and 16 debtors and 19, 17, 14 and 19 debtors, respectively that individually represented 1% - 10% of the trade receivables.

See Notes 22 for further disclosure on credit risk.

4.3 Liquidity risk

The TianDa Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The table below analyses the TianDa Group's and TianDa's non-derivative financial liabilities into relevant maturity grouping based on the remaining period at each of the statements of financial position dates to the respective contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

The TianDa Group	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At December 31, 2014					
Bank borrowings (including interest payable upon maturity)	185,000	--	--	--	185,000
Trade and other payables excluding non-financial liabilities	456,679	--	--	--	456,679
Total	641,679	--	--	--	641,679
At December 31, 2015					
Bank borrowings (including interest payable upon maturity)	53,308	6,199	--	--	59,507
Trade and other payables excluding non-financial liabilities	623,486	--	--	--	623,486
Total	676,794	6,199	--	--	682,993
At December 31, 2016					
Bank borrowings (including interest payable upon maturity)	22,604	49,504	--	--	72,108
Trade and other payables excluding non-financial liabilities	647,717	2,063	66,876	--	716,656
Total	670,321	51,567	66,876	--	788,764
At 30 September 2017					
Bank borrowings (including interest payable upon maturity)	51,485	49,509	--	--	100,994
Trade and other payables excluding non-financial liabilities	539,469	67,391	2,610	--	609,470
Total	590,954	116,900	2,610	--	710,464

TianDa	Less than 1 year <i>RMB'000</i>	Between 1 and 2 years <i>RMB'000</i>	Between 2 and 5 years <i>RMB'000</i>	Over 5 years <i>RMB'000</i>	Total <i>RMB'000</i>
At December 31, 2014					
Bank borrowings (including interest payable upon maturity)	185,000	-	-	-	185,000
Trade and other payables excluding non-financial liabilities	<u>413,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>413,204</u>
Total	<u>598,204</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>598,204</u>
At December 31, 2015					
Bank borrowings (including interest payable upon maturity)	53,308	6,199	-	-	59,507
Trade and other payables excluding non-financial liabilities	<u>513,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>513,354</u>
Total	<u>566,662</u>	<u>6,199</u>	<u>-</u>	<u>-</u>	<u>572,861</u>
At December 31, 2016					
Bank borrowings (including interest payable upon maturity)	22,604	49,504	-	-	72,108
Trade and other payables excluding non-financial liabilities	<u>578,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>578,525</u>
Total	<u>601,129</u>	<u>49,504</u>	<u>-</u>	<u>-</u>	<u>650,633</u>
At 30 September 2017					
Bank borrowings (including interest payable upon maturity)	51,485	49,509	-	-	100,994
Trade and other payables excluding non-financial liabilities	<u>447,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447,030</u>
Total	<u>498,515</u>	<u>49,509</u>	<u>-</u>	<u>-</u>	<u>548,024</u>

4.4 Capital risk management

The TianDa Group's objectives when managing capital are to safeguard the TianDa Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the TianDa Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Management monitors capital through regular reviews to ensure adequate capital is maintained.

The TianDa Group is in compliance with externally imposed capital requirements for the Relevant Periods.

4.5 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
At December 31, 2014				
Assets				
Derivative financial instruments	—	187	—	187
Total assets	—	187	—	187
At December 31, 2015				
Liabilities				
Derivative financial instruments	—	(2,036)	—	(2,036)
Total liabilities	—	(2,036)	—	(2,036)
At December 31, 2016				
Liabilities				
Derivative financial instruments	—	(2)	—	(2)
Total liabilities	—	(2)	—	(2)
At September 30, 2017				
Assets				
Derivative financial instruments	—	105	—	105
Total assets	—	105	—	105

There were no transfers between levels 1 and 2 during the year/period.

The fair value of forward exchange contracts in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant market yield curve as at the end of the reporting period plus an adequate constant credit spread.

The details of investment properties carried at fair value are set out in Note 16.

5 SEGMENT INFORMATION

The TianDa Group has three reportable segments, as described below, which are the TianDa Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic business units, the TianDa Group's Chief Executive Officer ("CEO") manages and monitors the unit's business and reviews the internal management report at least on a quarterly basis. Management has determined the operating segments based on the reports reviewed by the CEO that are used to make strategic decisions, allocate resources, and assess performance. The following summary describes the operations in each of the TianDa Group's reportable segments:

- (a) Passenger boarding bridge and automated parking system: includes the sales of passenger boarding bridges and car park systems
- (b) Logistic system business: includes the provision of engineering and computer software solutions for airport logistics
- (c) Ground support equipment: includes the manufacture and repair of airport ground support equipment

The accounting policies of the reportable segments are the same as described in Note 2 to the Historical Financial Information.

Performance is measured based on profit before income tax for the reportable segment. This measurement basis excludes the incidental expenditure from operating segment such as impairment of goodwill on consolidation that is not expected to recur regularly in every period. Inter-segment pricing is determined on an arm's length basis.

(a) Information about operating segment profit or loss, assets and liabilities

	Year Ended December 31, 2014			
	Passenger boarding bridge and automated parking system <i>RMB'000</i>	Logistic system business <i>RMB'000</i>	Ground support equipment <i>RMB'000</i>	Total <i>RMB'000</i>
External revenue	757,449	137,768	88,508	983,725
Profit or loss				
Interest income	464	1,999	55	2,518
Finance costs	1,486	-	9	1,495
Depreciation	2,439	174	426	3,039
Amortisation	733	23	940	1,696
Reportable segment profit/(loss) before income tax	<u>97,490</u>	<u>(1,640)</u>	<u>6,885</u>	<u>102,735</u>

	Year Ended December 31, 2015			
	Passenger boarding bridge and automated parking system <i>RMB'000</i>	Logistic system business <i>RMB'000</i>	Ground support equipment <i>RMB'000</i>	Total <i>RMB'000</i>
External revenue	<u>876,123</u>	<u>169,345</u>	<u>80,460</u>	<u>1,125,928</u>
Profit or loss				
Interest income	344	993	335	1,672
Finance costs	8,024	–	–	8,024
Depreciation	8,319	76	565	8,960
Amortisation	5,857	29	723	6,609
Reportable segment profit before income tax	<u>104,011</u>	<u>1,268</u>	<u>5,902</u>	<u>111,181</u>
	Year Ended December 31, 2016			
	Passenger boarding bridge and automated parking system <i>RMB'000</i>	Logistic system business <i>RMB'000</i>	Ground support equipment <i>RMB'000</i>	Total <i>RMB'000</i>
External revenue	<u>894,819</u>	<u>132,476</u>	<u>106,870</u>	<u>1,134,165</u>
Profit or loss				
Interest income	801	294	180	1,275
Finance costs	6,928	–	–	6,928
Depreciation	22,622	150	1,051	23,823
Amortisation	4,874	7	470	5,351
Reportable segment profit before income tax	<u>138,618</u>	<u>2,247</u>	<u>6,962</u>	<u>147,827</u>

Nine Months Ended September 30, 2016 (unaudited)				
	Passenger boarding bridge and automated parking system RMB'000	Logistic system business RMB'000	Ground support equipment RMB'000	Total RMB'000
External revenue	<u>247,544</u>	<u>64,817</u>	<u>73,049</u>	<u>385,410</u>
Profit or loss				
Interest income	297	276	158	731
Finance costs	5,564	—	—	5,564
Depreciation	16,531	110	382	17,023
Amortisation	4,133	24	385	4,542
Reportable segment profit/(loss) before income tax	<u>9,563</u>	<u>(5,977)</u>	<u>4,924</u>	<u>8,510</u>

Nine Months Ended September 30, 2017				
	Passenger boarding bridge and automated parking system RMB'000	Logistic system business RMB'000	Ground support equipment RMB'000	Total RMB'000
External revenue	<u>327,261</u>	<u>21,654</u>	<u>60,813</u>	<u>409,728</u>
Profit or loss				
Interest income	376	164	156	696
Finance costs	4,608	56	—	4,664
Depreciation	18,742	163	777	19,682
Amortisation	7,662	127	254	8,043
Reportable segment profit/(loss) before income tax	<u>4,247</u>	<u>(21,574)</u>	<u>3,025</u>	<u>(14,302)</u>

	At December 31, 2014			
	Passenger boarding bridge and automated parking system RMB'000	Logistic system business RMB'000	Ground support equipment RMB'000	Total RMB'000
Assets				
Reportable segment assets				
Trade receivables	579,056	18,634	41,666	639,356
Inventories	235,211	14,624	9,969	259,804
Property, plant and equipment	174,864	2,373	1,727	178,964
Intangible assets	9,817	-	1,865	11,682
Unallocated				347,055
				<u>1,436,861</u>
Segment assets includes:				
Additions to property, plant and equipment				63,034
Additions to intangible assets				7,781
Liabilities				
Reportable segment liabilities				
Borrowings	185,000	-	-	185,000
Other payables	145,259	14,543	11,234	171,036
Provisions	43,505	4,950	5,790	54,245
Unallocated				551,840
				<u>962,121</u>

	At December 31, 2015			
	Passenger boarding bridge and automated parking system <i>RMB'000</i>	Logistic system business <i>RMB'000</i>	Ground support equipment <i>RMB'000</i>	Total <i>RMB'000</i>
Assets				
Reportable segment assets				
Trade receivables	599,964	58,847	26,684	685,495
Inventories	156,359	4,139	21,684	182,182
Property, plant and equipment	271,737	114,692	5,519	391,948
Investment properties	66,155	-	-	66,155
Intangible assets	61,109	-	1,865	62,974
Unallocated				238,032
				<u>1,626,786</u>
Segment assets includes:				
Additions to property, plant and equipment				222,313
Additions to intangible assets				56,480
Liabilities				
Reportable segment liabilities				
Borrowings	58,891	-	-	58,891
Other payables	166,087	7,654	6,209	179,950
Provisions	45,667	5,899	9,329	60,895
Unallocated				726,408
				<u>1,026,144</u>

	At December 31, 2016			
	Passenger boarding bridge and automated parking system <i>RMB'000</i>	Logistic system business <i>RMB'000</i>	Ground support equipment <i>RMB'000</i>	Total <i>RMB'000</i>
Assets				
Reportable segment assets				
Trade receivables	716,810	131,075	26,640	874,525
Inventories	209,444	714	18,218	228,376
Property, plant and equipment	269,736	170,684	5,519	445,939
Investment properties	68,516	-	-	68,516
Intangible assets	50,213	-	1,865	52,078
Unallocated				329,048
				<u>1,998,482</u>
Segment assets includes:				
Additions to property, plant and equipment				78,359
Additions to intangible assets				154
Liabilities				
Reportable segment liabilities				
Borrowings	67,269	-	-	67,269
Other payables	295,068	16,469	5,459	316,996
Provisions	45,186	3,420	8,232	56,838
Unallocated				826,591
				<u>1,267,694</u>

At 30 September 2017

	Passenger boarding bridge and automated parking system RMB'000	Logistic system business RMB'000	Ground support equipment RMB'000	Reconciliations – eliminations of inter-segment revenue and balances RMB'000	Total RMB'000
Assets					
Reportable segment assets					
Trade receivables	473,067	81,677	26,098	–	580,842
Inventories	488,024	18,623	38,324	–	544,971
Property, plant and equipment	426,674	867	4,401	–	431,942
Investment properties	69,545	–	–	–	69,545
Intangible assets	99,930	20,524	1,865	–	122,319
Unallocated					519,257
					<u>2,268,876</u>
Segment assets includes:					
Additions to property, plant and equipment					2,269
Additions to intangible assets					48,880
Liabilities					
Reportable segment liabilities					
Borrowings	97,269	–	–	–	97,269
Other payables	575,976	106,028	4,888	(25,966)	660,926
Provisions	42,151	3,542	9,119	–	54,812
Unallocated					710,864
					<u>1,523,871</u>

Reconciliations

The amounts reported to the CEO with respect to total assets are measured in a manner consistent with that of the financial statements.

Segment assets

	December 31, 2014 RMB'000	December 31,2015 RMB'000	December 31, 2016 RMB'000	September 30, 2017 RMB'000
Segment assets for reportable segments	1,089,806	1,388,754	1,669,434	1,749,619
Unallocated:				
Cash and cash equivalents	153,930	72,933	123,582	175,761
Prepayment and other receivables	104,590	74,365	113,088	248,660
Land use rights	66,654	70,474	68,911	67,739
Others	21,881	20,260	23,467	27,097
	<u>1,436,861</u>	<u>1,626,786</u>	<u>1,998,482</u>	<u>2,268,876</u>

Segment liabilities

	December 31, 2014 <i>RMB'000</i>	December 31, 2015 <i>RMB'000</i>	December 31, 2016 <i>RMB'000</i>	September 30, 2017 <i>RMB'000</i>
Segment liabilities for reportable segments	410,281	299,736	441,103	813,007
Other segment liabilities				
Unallocated:				
Trade and other payables	490,021	653,810	676,583	560,270
Provision for taxation	21,054	16,151	21,128	1,824
Deferred income	40,765	43,022	50,748	69,682
Others	—	13,425	78,132	79,088
	<u>962,121</u>	<u>1,026,144</u>	<u>1,267,694</u>	<u>1,523,871</u>

(b) Geographical information

The TianDa Group operates from its facilities in People's Republic of China and Asia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Non-current assets are based on the geographical location of the assets.

	Year ended December 31,			Nine months ended September 30,	
	2014 <i>RMB'000</i>	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	2016 <i>RMB'000</i>	2017 <i>RMB'000</i>
				(unaudited)	
Revenue					
Middle East	125,188	—	53,188	741	2,223
People's Republic of China	566,558	916,705	757,577	196,452	224,726
Asia	89,395	77,178	41,577	21,333	44,783
North America	5	6,153	100	100	111
South America	14,982	15,622	33,140	3,153	275
Oceania	45,762	20,760	38,697	34,725	6,068
Europe	97,460	49,278	114,635	85,405	99,048
Africa and others	44,375	40,232	95,251	43,501	32,494
	<u>983,725</u>	<u>1,125,928</u>	<u>1,134,165</u>	<u>385,410</u>	<u>409,728</u>

	As at December 31,			As at
	2014 <i>RMB'000</i>	2015 <i>RMB'000</i>	2016 <i>RMB'000</i>	September 30, 2017 <i>RMB'000</i>
Non-current assets (excluding deferred tax assets and goodwill)				
People's Republic of China	<u>257,274</u>	<u>592,037</u>	<u>635,682</u>	<u>678,210</u>

(c) Revenue from major customers

During the years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017, there were one, two, one, nil and two customers, respectively, which individually contributed over 10% of the TianDa Group's total revenue. During the Relevant Periods, the revenue contributed from these customers are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Customer A	-	-	-	-	46,668
Customer B	93,305	-	-	-	-
Customer C	-	-	125,567	-	-
Customer D	-	193,530	-	-	-
Customer E	-	-	-	-	49,062
Customer F	-	107,622	-	-	-
	<u>93,305</u>	<u>301,152</u>	<u>125,567</u>	<u>-</u>	<u>95,730</u>

6 REVENUE

Revenue of the TianDa Group for the Relevant Periods are as follow:

	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Sales of goods	837,732	913,745	950,397	319,214	353,223
Services rendered	145,993	212,183	183,768	66,196	56,505
	<u>983,725</u>	<u>1,125,928</u>	<u>1,134,165</u>	<u>385,410</u>	<u>409,728</u>

7 OTHER INCOME

	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Interest income	2,518	1,672	1,275	731	696
Government grants	2,775	26,891	26,016	11,430	13,889
Rental income	2,250	3,240	10,508	8,044	11,583
Sale of scrap materials	1,367	1,793	1,691	1,186	1,261
Others (Note 33(b)(viii))	-	-	-	-	2,169
	<u>8,910</u>	<u>33,596</u>	<u>39,490</u>	<u>21,391</u>	<u>29,598</u>

8 OTHER (LOSSES)/GAINS – NET

	Year ended December 31,			Nine months ended	
	2014	2015	2016	September 30,	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Net foreign exchange gain	2,215	1,959	2,042	1,669	1,239
(Loss)/gain on disposal of property, plant and equipment	(1,557)	(157)	332	324	(2)
Write-back of guarantees for third parties	–	–	3,988	3,988	2,148
Gain on fair value of investment properties	–	–	1,960	649	1,029
Gain/(loss) on fair value of derivative financial instruments	893	(3,567)	(1,167)	(1,165)	(612)
Others	(2,124)	1,826	(737)	668	652
	<u>(573)</u>	<u>61</u>	<u>6,418</u>	<u>6,133</u>	<u>4,454</u>

9 FINANCE COSTS

	Year ended December 31,			Nine months ended	
	2014	2015	2016	September 30,	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Finance costs:					
– Interest expense on loans from related parties	5,003	8,392	4,995	4,331	2,316
– Interest expense on bank borrowings	2,989	3,711	1,933	1,233	2,348
Less: interest expense capitalised	(6,497)	(4,079)	–	–	–
	<u>1,495</u>	<u>8,024</u>	<u>6,928</u>	<u>5,564</u>	<u>4,664</u>

10 INCOME TAX EXPENSE/(CREDIT)

The amounts of income tax expense charged to the consolidated statement of profit or loss represent:

	Year ended December 31,			Nine months ended	
	2014	2015	2016	September 30,	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Current income tax					
– Current tax on profits for the year/period	21,997	15,914	21,171	1,138	888
Deferred income tax (Note 24)	(7,197)	(1,557)	(3,490)	(2,757)	(3,894)
Income tax expense/(credit)	<u>14,800</u>	<u>14,357</u>	<u>17,681</u>	<u>(1,619)</u>	<u>(3,006)</u>

(a) PRC corporate income tax

The corporate income tax ("CIT") is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations. The standard PRC CIT rate is 25% during the Relevant Periods.

TianDa and its subsidiaries, Xinfra Airport Equipment Ltd., Shenzhen CIMC Intralogistics Systems Co., Ltd. and Zhengzhou Jinte Logistics Automation System Co., Ltd. are qualified for new/high-technology enterprises status and enjoyed preferential income tax rate of 15% during the Relevant Periods.

The tax on the TianDa Group's profit before income tax differs from the theoretical amount that could arise using the statutory tax rates applicable to profits of the consolidated entities during the Relevant Periods is as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Profit/(loss) before income tax	102,735	111,181	147,827	8,510	(14,302)
Tax calculated at tax rate of 25%	25,684	27,795	36,957	2,128	(3,576)
Tax effect of:					
Expenses not deductible for tax purpose	1,362	379	565	357	993
Effect of different tax rates of subsidiaries and tax incentive	(12,246)	(13,817)	(19,481)	(4,104)	(423)
Others	-	-	(360)	-	-
Income tax expense/(credit)	14,800	14,357	17,681	(1,619)	(3,006)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

	Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights		
	Before tax RMB'000	Tax charge RMB'000	After tax RMB'000
Year ended December 31, 2014	-	-	-
Year ended December 31, 2015	30,521	(4,578)	25,943
Year ended December 31, 2016	-	-	-
	Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights		
	Before tax RMB'000	Tax charge RMB'000	After tax RMB'000
Nine months period ended September 30, 2016 (unaudited)	-	-	-
Nine months period ended September 30, 2017	-	-	-

11 EXPENSES BY NATURE

	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Cost of inventories	580,679	634,697	612,617	141,418	166,293
Subcontracting expenses	–	101,988	59,017	30,803	36,701
Employee benefit expenses (Note 12)	148,598	152,046	175,937	129,082	143,706
Amortisation of land use rights (Note 13)	1,355	1,931	1,563	1,172	1,172
Amortisation of intangible assets (Note 16)	341	4,678	3,788	3,370	6,871
Depreciation of property, plant and equipment (Note 14)	3,039	8,960	23,823	17,023	19,682
Provision for/(write-back of) impairment of trade receivables (Note 22)	10,485	5,695	8,941	(6,835)	(162)
Research and development expense	6,280	8,005	14,197	12,133	18,155
Shipping fees	55,794	29,884	44,816	20,439	21,688
Entertainment expense	4,684	9,050	13,362	7,102	5,944
Transportation and travelling expense	6,707	9,729	11,778	7,276	7,089
Operating lease expense	12,475	7,148	2,755	2,235	2,117
Warranty	21,220	16,095	4,086	5,139	4,652
Bank settlement charges	1,405	2,120	3,356	2,716	3,386
Auditor's fees	142	637	1,217	1,160	585
Sales commission	7,418	6,945	9,546	3,682	1,018
Tax fee	8,076	9,139	9,048	4,788	6,359
Professional and consultancy fees	3,740	5,017	6,978	2,605	2,201
Inventory write-down	6,095	1,037	5,157	2,246	–
Others	9,299	25,579	13,336	11,306	5,961
Total cost of sales, selling and distribution cost and general and administrative expenses	<u>887,832</u>	<u>1,040,380</u>	<u>1,025,318</u>	<u>398,860</u>	<u>453,418</u>

12 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS AND SENIOR MANAGEMENT'S EMOLUMENTS)

	Year ended December 31,			Nine months ended September 30,	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, wages and welfare	116,842	117,503	143,369	105,041	115,689
Pension, housing fund, medical insurance and other social insurances	32,691	35,640	32,946	24,419	28,375
Less: employee benefits capitalized	(935)	(1,097)	(378)	(378)	(358)
	<u>148,598</u>	<u>152,046</u>	<u>175,937</u>	<u>129,082</u>	<u>143,706</u>

During the years ended December 31, 2014, 2015 and 2016 and the nine months ended September 30, 2016 and 2017, (i) the directors of TianDa receive compensation of RMB2,193,000, RMB4,155,000, RMB4,296,000, RMB3,680,000 and RMB3,022,000 respectively in respect of their services to the TianDa Group; (ii) none of the directors of TianDa waived any emoluments paid or payable by the TianDa Group; (iii) no emoluments were paid by the TianDa Group to the directors as an inducement to join or upon joining the TianDa Group or as compensation for loss of office.

(a) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs during the years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017.

(b) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment during years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017.

(c) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director during the years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2014, 2015 and 2016 and nine months ended September 30, 2016 and 2017.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to Group's business to which TianDa was a party and in which a director of TianDa had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Relevant Periods.

13 LAND USE RIGHTS

The TianDa Group	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Cost					
At beginning of the year/period	64,769	73,219	75,172	75,172	75,172
Additions	8,450	23,286	-	-	-
Transfer to investment properties	-	(21,333)	-	-	-
At end of the year/period	<u>73,219</u>	<u>75,172</u>	<u>75,172</u>	<u>75,172</u>	<u>75,172</u>
Accumulated amortisation					
At beginning of the year/period	5,210	6,565	4,698	4,698	6,261
Amortisation of land use rights	1,355	1,931	1,563	1,172	1,172
Transfer to investment properties	-	(3,798)	-	-	-
At end of the year/period	<u>6,565</u>	<u>4,698</u>	<u>6,261</u>	<u>5,870</u>	<u>7,433</u>
Net book value	<u>66,654</u>	<u>70,474</u>	<u>68,911</u>	<u>69,302</u>	<u>67,739</u>

The lease periods of land use rights are 50 years starting from the date of grant and are located in the PRC.

Amortisation of land use rights has been charged to the consolidated statement of profit or loss (Note 11) as follows:

The TianDa Group	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Cost of sales	868	641	874	640	640
General and administrative expenses	487	1,290	689	532	532
	<u>1,355</u>	<u>1,931</u>	<u>1,563</u>	<u>1,172</u>	<u>1,172</u>

TianDa	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Cost					
At beginning of the year/period	65,109	65,109	43,776	43,776	43,776
Transfer to investment properties	-	(21,333)	-	-	-
At end of the year/period	<u>65,109</u>	<u>43,776</u>	<u>43,776</u>	<u>43,776</u>	<u>43,776</u>
Accumulated amortisation					
At beginning of the year/period	5,890	6,891	4,094	4,094	5,030
Amortisation of land use rights	1,001	1,001	936	703	701
Transfer to investment properties	-	(3,798)	-	-	-
At end of the year/period	<u>6,891</u>	<u>4,094</u>	<u>5,030</u>	<u>4,797</u>	<u>5,731</u>
Net book value	<u>58,218</u>	<u>39,682</u>	<u>38,746</u>	<u>38,979</u>	<u>38,045</u>

14 PROPERTY, PLANT AND EQUIPMENT

The TianDa Group	Land and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
As at January 1, 2014	16,276	19,980	4,818	17,898	107,017	165,989
Additions	–	4,741	214	1,626	47,905	54,486
Disposals and write-offs	–	(6,898)	(362)	(2,876)	–	(10,136)
As at December 31, 2014	<u>16,276</u>	<u>17,823</u>	<u>4,670</u>	<u>16,648</u>	<u>154,922</u>	<u>210,339</u>
Accumulated depreciation						
As at January 1, 2014	10,697	11,806	2,600	11,796	–	36,899
Depreciation charge	595	1,060	613	771	–	3,039
Disposals and write-offs	–	(5,649)	(326)	(2,588)	–	(8,563)
As at December 31, 2014	<u>11,292</u>	<u>7,217</u>	<u>2,887</u>	<u>9,979</u>	<u>–</u>	<u>31,375</u>
Net book value						
As at December 31, 2014	<u>4,984</u>	<u>10,606</u>	<u>1,783</u>	<u>6,669</u>	<u>154,922</u>	<u>178,964</u>
Cost						
As at January 1, 2015	16,276	17,823	4,670	16,648	154,922	210,339
Additions	81,756	23,880	2,188	30,666	101,922	240,412
Disposals and write-offs	–	(810)	(849)	(6)	–	(1,665)
Transfers out from construction in progress	198,090	30,601	–	–	(228,691)	–
Transfers to investment properties (Note 15)	(18,099)	–	–	–	–	(18,099)
As at December 31, 2015	<u>278,023</u>	<u>71,494</u>	<u>6,009</u>	<u>47,308</u>	<u>28,153</u>	<u>430,987</u>
Accumulated depreciation						
As at January 1, 2015	11,292	7,217	2,887	9,979	–	31,375
Depreciation charge	5,353	2,292	632	683	–	8,960
Disposals and write-offs	–	(529)	(765)	(2)	–	(1,296)
As at December 31, 2015	<u>16,645</u>	<u>8,980</u>	<u>2,754</u>	<u>10,660</u>	<u>–</u>	<u>39,039</u>
Net book value						
As at December 31, 2015	<u>261,378</u>	<u>62,514</u>	<u>3,255</u>	<u>36,648</u>	<u>28,153</u>	<u>391,948</u>

The TianDa Group	Land and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
As at January 1, 2016	278,023	71,494	6,009	47,308	28,153	430,987
Additions	8,126	5,977	191	4,198	59,866	78,358
Disposals and write-offs	(65)	(61)	–	(24)	–	(150)
Transfers out from construction in progress	78,944	–	52	5,132	(84,128)	–
Transfers to investment properties	(401)	–	–	–	–	(401)
As at December 31, 2016	364,627	77,410	6,252	56,614	3,891	508,794
Accumulated depreciation						
As at January 1, 2016	16,645	8,980	2,754	10,660	–	39,039
Depreciation charge	9,908	5,808	1,085	7,022	–	23,823
Disposals and write-offs	–	–	–	(7)	–	(7)
As at December 31, 2016	26,553	14,788	3,839	17,675	–	62,855
Net book value						
As at December 31, 2016	338,074	62,622	2,413	38,939	3,891	445,939
Unaudited:						
Cost						
As at January 1, 2016	278,023	71,494	6,009	47,308	28,153	430,987
Additions	7,263	2,722	191	3,439	57,467	71,082
Disposals and write-offs	(17)	(61)	–	(24)	–	(102)
Transfers out from construction in progress	78,589	–	–	4,070	(82,659)	–
As at September 30, 2016	363,858	74,155	6,200	54,793	2,961	501,967
Accumulated depreciation						
As at January 1, 2016	16,645	8,980	2,754	10,660	–	39,039
Depreciation charge	7,084	4,177	738	5,024	–	17,023
Disposals and write-offs	–	–	–	(5)	–	(5)
As at September 30, 2016	23,729	13,157	3,492	15,679	–	56,057
Net book value						
As at September 30, 2016	340,129	60,998	2,708	39,114	2,961	445,910

The TianDa Group	Land and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
As at January 1, 2017	364,627	77,410	6,252	56,614	3,891	508,794
Additions	784	1,947	241	1,421	1,197	5,590
Arising from acquisition (Note 32)	-	-	160	32	-	192
Disposals and write-offs	-	(451)	(162)	(296)	-	(909)
As at September 30, 2017	<u>365,411</u>	<u>78,906</u>	<u>6,491</u>	<u>57,771</u>	<u>5,088</u>	<u>513,667</u>
Accumulated depreciation						
As at January 1, 2017	26,553	14,788	3,839	17,675	-	62,855
Depreciation charge	8,721	4,433	597	5,931	-	19,682
Disposals and write-offs	-	(366)	(154)	(292)	-	(812)
As at September 30, 2017	<u>35,274</u>	<u>18,855</u>	<u>4,282</u>	<u>23,314</u>	<u>-</u>	<u>81,725</u>
Net book value						
As at September 30, 2017	<u>330,137</u>	<u>60,051</u>	<u>2,209</u>	<u>34,457</u>	<u>5,088</u>	<u>431,942</u>
TianDa	Land and Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
As at January 1, 2014	16,139	17,834	3,633	17,778	107,017	162,401
Additions	-	4,506	214	1,376	45,859	51,955
Disposals and write-offs	-	(6,886)	(362)	(2,871)	-	(10,119)
As at December 31, 2014	<u>16,139</u>	<u>15,454</u>	<u>3,485</u>	<u>16,283</u>	<u>152,876</u>	<u>204,237</u>
Accumulated depreciation						
As at January 1, 2014	10,697	10,899	2,105	11,794	-	35,495
Depreciation charge	458	771	476	734	-	2,439
Disposals and write-offs	-	(5,648)	(326)	(2,587)	-	(8,561)
As at December 31, 2014	<u>11,155</u>	<u>6,022</u>	<u>2,255</u>	<u>9,941</u>	<u>-</u>	<u>29,373</u>
Net book value						
As at December 31, 2014	<u>4,984</u>	<u>9,432</u>	<u>1,230</u>	<u>6,342</u>	<u>152,876</u>	<u>174,864</u>

TianDa	Land and Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Cost						
As at January 1, 2015	16,139	15,454	3,485	16,283	152,876	204,237
Additions	6,075	13,950	1,655	30,097	69,885	121,662
Disposals and write-offs	–	–	(481)	–	–	(481)
Transfers out from construction in progress	191,490	30,601	–	–	(222,091)	–
Transfers to investment properties	(18,099)	–	–	–	–	(18,099)
As at December 31, 2015	195,605	60,005	4,659	46,380	670	307,319
Accumulated depreciation						
As at January 1, 2015	11,155	6,022	2,255	9,941	–	29,373
Depreciation charge	3,918	1,559	582	568	–	6,627
Disposals and write-offs	–	–	(419)	–	–	(419)
As at December 31, 2015	15,073	7,581	2,418	10,509	–	35,581
Net book value						
As at December 31, 2015	180,532	52,424	2,241	35,871	670	271,738
Cost						
As at January 1, 2016	195,605	60,005	4,659	46,380	670	307,319
Additions	7,688	5,407	191	4,033	3,404	20,723
Disposals and write-offs	(65)	–	–	–	–	(65)
Transfers out from construction in progress	–	–	52	1,062	(1,114)	–
Transfers to investment properties	(401)	–	–	–	–	(401)
As at December 31, 2016	202,827	65,412	4,902	51,475	2,960	327,576
Accumulated depreciation						
As at January 1, 2016	15,073	7,581	2,418	10,509	–	35,581
Depreciation charge	6,370	4,504	914	6,451	–	18,239
As at December 31, 2016	21,443	12,085	3,332	16,960	–	53,820
Net book value						
As at December 31, 2016	181,384	53,327	1,570	34,515	2,960	273,756

TianDa	Land and Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office and other equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Unaudited:						
Cost						
As at January 1, 2016	195,605	60,005	4,659	46,380	670	307,319
Additions	6,808	2,250	191	3,193	1,429	13,871
Transfers out from construction in progress	--	--	--	159	(159)	--
As at September 30, 2016	<u>202,413</u>	<u>62,255</u>	<u>4,850</u>	<u>49,732</u>	<u>1,940</u>	<u>321,190</u>
Accumulated depreciation						
As at January 1, 2016	15,073	7,581	2,418	10,509	--	35,581
Depreciation charge	4,848	3,207	610	4,682	--	13,347
As at September 30, 2016	<u>19,921</u>	<u>10,788</u>	<u>3,028</u>	<u>15,191</u>	<u>--</u>	<u>48,928</u>
Net book value						
As at September 30, 2016	<u>182,492</u>	<u>51,467</u>	<u>1,822</u>	<u>34,541</u>	<u>1,940</u>	<u>272,262</u>
Cost						
As at January 1, 2017	202,827	65,412	4,902	51,475	2,960	327,576
Additions	224	1,747	73	911	1,139	4,094
Disposals and write-offs	--	(451)	(162)	(289)	--	(902)
As at September 30, 2017	<u>203,051</u>	<u>66,708</u>	<u>4,813</u>	<u>52,097</u>	<u>4,099</u>	<u>330,768</u>
Accumulated depreciation						
As at January 1, 2017	21,443	12,085	3,332	16,960	--	53,820
Depreciation charge	4,821	3,442	426	5,359	--	14,048
Disposals and write-offs	--	(366)	(154)	(288)	--	(808)
As at September 30, 2017	<u>26,264</u>	<u>15,161</u>	<u>3,604</u>	<u>22,031</u>	<u>--</u>	<u>67,060</u>
Net book value						
As at September 30, 2017	<u>176,787</u>	<u>51,547</u>	<u>1,209</u>	<u>30,066</u>	<u>4,099</u>	<u>263,708</u>

Depreciation of property, plant and equipment has been charged to the consolidated statement of profit or loss (Note 11) as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Cost of sales	889	2,910	13,834	11,101	11,893
Selling and distribution costs	74	53	176	86	151
General and administrative expenses	2,076	5,997	9,813	5,836	7,638
	<u>3,039</u>	<u>8,960</u>	<u>23,823</u>	<u>17,023</u>	<u>19,682</u>

Construction in progress as at each reporting date mainly comprises capital expenditures incurred for the construction of new factories in the PRC. The amount transferred out from the construction-in-progress mainly represents construction of part of buildings and production lines related to the new factories have been completed and such buildings and production lines have already been put in use.

The amount of borrowing cost capitalised is part of cost in relation to the construction of new factory was RMB6,496,897 and RMB4,079,391 with a capitalisation rate of 5.15% and 5.47% respectively for the years ended December 31, 2014 and 2015.

There were no borrowing cost capitalised for the remaining Relevant Periods.

At December 31, 2014, 2015, 2016 and September 30 2017, the TianDa Group was in the process of applying for the property rights certificates in respect of buildings in People's Republic of China with carrying amounts of RMB4,984,000 RMB179,200,000 RMB179,424,000 and RMB175,040,000.

15 INVESTMENT PROPERTIES

The TianDa Group and TianDa	As at December 31,			As at September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
At fair value					
At beginning of the year/period	–	–	66,155	66,155	68,516
Net gains from fair value adjustment (Note 8)	–	–	1,960	649	1,029
Fair value uplift at the date of transfer of investment properties from property, plant and equipment and land use rights	–	30,521	–	–	–
Transferred from property, plant and equipment	–	18,099	401	–	–
Transferred from land use rights	–	17,535	–	–	–
At end of the year/period	<u>–</u>	<u>66,155</u>	<u>68,516</u>	<u>66,804</u>	<u>69,545</u>

(a) Amounts recognised in profit or loss for investment properties

	Year ended December 31,			Nine months ended	
	2014	2015	2016	September 30,	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Rental income	–	977	5,211	3,918	4,090
Direct operating expenses from property that generated rental income	–	–	67	67	219
	<u>–</u>	<u>–</u>	<u>67</u>	<u>67</u>	<u>219</u>

At each of the reporting date, the details of the TianDa Group's investment properties are as follows:

Location	Description/existing use	Tenure
No. 9 Fuyuan 2nd Road, Fuyong, Baoan District, Shenzhen City, China	A single storey factory building	50-years from December 31, 2009

As at December 31, 2015 and 2016 and September 30, 2017, the TianDa Group had no unprovided contractual obligations for future repairs and maintenance.

The TianDa Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through rental. The TianDa Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties (Note 24).

Valuation of the TianDa Group's investment properties was performed by independent professional valuers, to determine the fair value of the investment properties. As at December 31, 2015 and 2016 and September 30, 2017, the revaluation gains or losses is included in 'Other (losses)/gains - net' in the consolidated statement of profit or loss (Note 8). The following table analyses the investment properties carried at fair value, by valuation method.

(b) Fair value hierarchy - Recurring fair value measurements

Description	Fair value measurements using		
	Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
December 31, 2015			
– Land use rights and factory building – China	–	–	66,155
December 31, 2016			
– Land use rights and factory building – China	–	–	68,516
September 30, 2017			
– Land use rights and factory building – China	–	–	69,545

(c) Valuation techniques used to derive Level 3 fair values

Level 3 fair values of the TianDa Group's investment properties have been generally derived using the rental income approach. Rent prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is rent growth rate and discount rate.

The TianDa Group's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers into or out of fair value hierarchy levels.

(d) Valuation techniques and inputs used in Level 3 fair value measurements

The following table presents the valuation techniques and key inputs that were used to determine the fair value of investment properties categorised under Level 3 of the fair value hierarchy:

Description	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Land use rights and factory building – China	Rental income approach	The rent growth rate and discount rate	The higher the rent growth rate, the higher the fair value, the lower discount rate, the higher the fair value

(e) Valuation processes of the TianDa Group

The TianDa Group engages external, independent and qualified valuers to determine the fair value of the TianDa Group's properties at the end of every financial year based on the properties' highest and best use.

The finance department of the TianDa Group includes a team that performs the valuations of investment properties required for financial reporting purposes, including Level 3 fair values. This team reports directly to the Chief Financial Officer ("CFO").

At each financial year end the finance department:

- verifies all major inputs to the independent valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 3 fair values are analysed at each reporting date during the valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

16 INTANGIBLE ASSETS

The TianDa Group	Goodwill RMB'000	Software RMB'000	Operating rights for automated parking system RMB'000	Total RMB'000
Cost				
As at January 1, 2014	1,865	3,513	7,519	12,897
Additions	–	198	2,298	2,496
As at December 31, 2014	<u>1,865</u>	<u>3,711</u>	<u>9,817</u>	<u>15,393</u>
Accumulated amortisation				
As at January 1, 2014	–	1,531	–	1,531
Amortisation	–	341	–	341
As at December 31, 2014	<u>–</u>	<u>1,872</u>	<u>–</u>	<u>1,872</u>
Net book value				
As at December 31, 2014	<u>1,865</u>	<u>1,839</u>	<u>9,817</u>	<u>13,521</u>

The TianDa Group	Goodwill	Software	Operating rights for automated parking system	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost				
As at January 1, 2015	1,865	3,711	9,817	15,393
Additions	–	938	55,544	56,482
As at December 31, 2015	<u>1,865</u>	<u>4,649</u>	<u>65,361</u>	<u>71,875</u>
Accumulated amortisation				
As at January 1, 2015	–	1,872	–	1,872
Amortisation	–	426	4,252	4,678
As at December 31, 2015	<u>–</u>	<u>2,298</u>	<u>4,252</u>	<u>6,550</u>
Net book value				
As at December 31, 2015	<u>1,865</u>	<u>2,351</u>	<u>61,109</u>	<u>65,325</u>
Cost				
As at January 1, 2016	1,865	4,649	65,361	71,875
Additions	–	153	–	153
Cost adjustment (a)	–	–	(7,509)	(7,509)
As at December 31, 2016	<u>1,865</u>	<u>4,802</u>	<u>57,852</u>	<u>64,519</u>
Accumulated amortisation				
As at January 1, 2016	–	2,298	4,252	6,550
Amortisation	–	401	3,387	3,788
As at December 31, 2016	<u>–</u>	<u>2,699</u>	<u>7,639</u>	<u>10,338</u>
Net book value				
As at December 31, 2016	<u>1,865</u>	<u>2,103</u>	<u>50,213</u>	<u>54,181</u>
Unaudited:				
Cost				
As at January 1, 2016	1,865	4,649	65,361	71,875
Additions	–	30	–	30
Cost adjustment	–	–	(7,498)	(7,498)
As at September 30, 2016	<u>1,865</u>	<u>4,679</u>	<u>57,863</u>	<u>64,407</u>
Accumulated amortisation				
As at January 1, 2016	–	2,298	4,252	6,550
Amortisation	–	320	3,050	3,370
As at September 30, 2016	<u>–</u>	<u>2,618</u>	<u>7,302</u>	<u>9,920</u>
Net book value				
As at September 30, 2016	<u>1,865</u>	<u>2,061</u>	<u>50,561</u>	<u>54,487</u>

(a) In August 2016, tax bureau determined that the deduction of input value-added tax during construction period was allowed.

The TianDa Group	Goodwill RMB'000	Software RMB'000	Operating rights for automated parking system RMB'000	Patents RMB'000	Development costs RMB'000	Total RMB'000
Cost						
As at January 1, 2017	1,865	4,802	57,852	–	–	64,519
Additions	–	398	–	48,880	7,381	56,659
Arising from acquisition (Note 32)	13,644	–	–	6,880	–	20,524
As at September 30, 2017	<u>15,509</u>	<u>5,200</u>	<u>57,852</u>	<u>55,760</u>	<u>7,381</u>	<u>141,702</u>
Accumulated amortisation						
As at January 1, 2017	–	2,699	7,639	–	–	10,338
Amortisation	–	327	2,531	4,013	–	6,871
As at September 30, 2017	<u>–</u>	<u>3,026</u>	<u>10,170</u>	<u>4,013</u>	<u>–</u>	<u>17,209</u>
Net book value						
As at September 30, 2017	<u>15,509</u>	<u>2,174</u>	<u>47,682</u>	<u>51,747</u>	<u>7,381</u>	<u>124,493</u>

Amortisation of intangible assets has been charged to the consolidated statement of profit or loss (Note 11) as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Cost of sales	–	4,252	3,387	3,050	6,454
General and administrative expenses	341	426	401	320	417
	<u>341</u>	<u>4,678</u>	<u>3,788</u>	<u>3,370</u>	<u>6,871</u>

TianDa	Software RMB'000	Operating rights for automated parking system RMB'000	Total RMB'000
Cost			
As at January 1, 2014	3,200	7,519	10,719
Additions	–	2,298	2,298
As at December 31, 2014	<u>3,200</u>	<u>9,817</u>	<u>13,017</u>
Accumulated amortisation			
As at January 1, 2014	1,471	–	1,471
Amortisation	292	–	292
As at December 31, 2014	<u>1,763</u>	<u>–</u>	<u>1,763</u>
Net book value			
As at December 31, 2014	<u>1,437</u>	<u>9,817</u>	<u>11,254</u>
Cost			
As at January 1, 2015	3,200	9,817	13,017
Additions	886	55,544	56,430
As at December 31, 2015	<u>4,086</u>	<u>65,361</u>	<u>69,447</u>
Accumulated amortisation			
As at January 1, 2015	1,763	–	1,763
Amortisation	368	4,252	4,620
As at December 31, 2015	<u>2,131</u>	<u>4,252</u>	<u>6,383</u>
Net book value			
As at December 31, 2015	<u>1,955</u>	<u>61,109</u>	<u>63,064</u>
Cost			
As at January 1, 2016	4,086	65,361	69,447
Additions	130	–	130
Cost adjustment	–	(7,509)	(7,509)
As at December 31, 2016	<u>4,216</u>	<u>57,852</u>	<u>62,068</u>
Accumulated amortisation			
As at January 1, 2016	2,131	4,252	6,383
Amortisation	365	3,387	3,752
As at December 31, 2016	<u>2,496</u>	<u>7,639</u>	<u>10,135</u>
Net book value			
As at December 31, 2016	<u>1,720</u>	<u>50,213</u>	<u>51,933</u>

TianDa	Software RMB'000	Operating rights for automated parking system RMB'000	Total RMB'000
Unaudited:			
Cost			
As at January 1, 2016	4,086	65,361	69,447
Additions	30	–	30
Cost adjustment	–	(7,498)	(7,498)
	<u>–</u>	<u>(7,498)</u>	<u>(7,498)</u>
As at September 30, 2016	<u>4,116</u>	<u>57,863</u>	<u>61,979</u>
Accumulated amortisation			
As at January 1, 2016	2,131	4,252	6,383
Amortisation	272	3,050	3,322
	<u>272</u>	<u>3,050</u>	<u>3,322</u>
As at September 30, 2016	<u>2,403</u>	<u>7,302</u>	<u>9,705</u>
Net book value			
As at September 30, 2016	<u>1,713</u>	<u>50,561</u>	<u>52,274</u>

TianDa	Software RMB'000	Operating rights for automated parking system RMB'000	Development costs RMB'000	Total RMB'000
Cost				
As at January 1, 2017	4,216	57,852	–	62,068
Additions	398	–	7,381	7,779
	<u>398</u>	<u>–</u>	<u>7,381</u>	<u>7,779</u>
As at September 30, 2017	<u>4,614</u>	<u>57,852</u>	<u>7,381</u>	<u>69,847</u>
Accumulated amortisation				
As at January 1, 2017	2,496	7,639	–	10,135
Amortisation	289	2,531	–	2,820
	<u>289</u>	<u>2,531</u>	<u>–</u>	<u>2,820</u>
As at September 30, 2017	<u>2,785</u>	<u>10,170</u>	<u>–</u>	<u>12,955</u>
Net book value				
As at September 30, 2017	<u>1,829</u>	<u>47,682</u>	<u>7,381</u>	<u>56,892</u>

(a) Goodwill

(i) Impairment tests for goodwill

Goodwill acquired in a business combination is allocated to the following cash-generating unit ("CGU") that are expected to benefit from that business combination.

The carrying amounts of goodwill allocated to each CGU as follow:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
Logistic System Business ("LSB-Jinte")	–	–	–	13,644
Ground Support Equipment ("GSE")	1,865	1,865	1,865	1,865
	<u>1,865</u>	<u>1,865</u>	<u>1,865</u>	<u>15,509</u>

The recoverable amount of a CGU was determined based on its value-in-use and was determined by discounting the pre-tax future cash flows to be generated from the continuing use of the CGU.

The recoverable amount of the CGUs was determined to be higher than its carrying amount and no impairment loss was recognised.

(ii) Key assumptions used for value-in-use calculations:

	As at December 31,			As at
	2014	2015	2016	September 30,
				2017
LSB-Jinte				
Gross profit margin	N/A	N/A	N/A	18%
Terminal value growth rate	N/A	N/A	N/A	3%
Discount rate	N/A	N/A	N/A	16%
GSE				
Gross profit margin	14%	14%	14%	14%
Terminal value growth rate	3%	3%	3%	3%
Discount rate	13%	13%	13%	13%

– Gross profit margin

The gross profit margins are projected based on past experience, actual historical operating results and the future budgets approved by management.

– Terminal value growth rate

The discounted cash flow model uses five years of cash flow forecasts. A long-term growth rate of 3% into perpetuity based on the terminal year's cash flows has been applied.

– Discount rate

The discount rate is a pre-tax measure based on the risk-free rate for ten-year bonds issued by the government in the relevant market under the LSB-Jinte CGU and one-year bank fixed deposit under the GSE CGU, both adjusted for risk premium to reflect both the increased risk of investing in equities and the systematic risk of the respective CGUs.

Besides the key assumptions above, management has also taken into account other assumptions, including future revenue growth and staff cost inflation rate.

These assumptions are used for analysis of each CGU within the business segment.

(iii) *Sensitivity analysis of the key assumptions*

Management is of the view that any reasonable change in key assumptions used in the value in use calculation of CGUs will not result in material impact to the Historical Financial Information of the TianDa Group during Relevant Periods.

(b) **Operating rights for automated parking system**

In 2014 and 2015, the TianDa Group entered into a service concession agreement under a “Build-Operate-Transfer” model with a local hospital in Hubei and a real estate developer in Anhui, China, respectively. Under the terms of the agreements, they are operation models for the construction of an automated carpark system project (“Carpark System”) which give the operating rights to the TianDa Group to recover its construction costs incurred by charging a fee to the users for using the Carpark System over the concession period. After the TianDa Group breaks even the construction costs for the Carpark System, the TianDa Group will continue to operate for 7 years before transferring the Carpark System to the hospital and the real estate developer respectively based on the agreements. The management expected to accomplish break even position in the sixth year.

The operating rights of the Carpark System are amortised over the concession period of 13 years. The TianDa Group will be responsible for any maintenance services required during the concession period. At the end of the concession period, the Carpark System will become the property of the hospital and the real estate developer and the TianDa Group will have no further involvement in its operation or maintenance requirements.

(c) **Patent for aircraft ground air conditioning**

On 21 February 2017, TianDa bought a patent for aircraft ground air conditioning from third party Guangdong Jirong Air-conditioning Co., Ltd. at RMB48,880,000.

17 INVESTMENTS IN SUBSIDIARIES

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Unquoted equity investment, at cost	109,691	158,191	183,192	227,072

The principal subsidiaries of the TianDa Group as at December 31, 2014, 2015 and 2016 and September 30, 2017 are disclosed below.

During the Relevant Periods, TianDa had direct or indirect interests in the following subsidiaries:

Name	Place and date of incorporation	Principal activities	Registered/Issued and paid up capital	Note	Percentage of shareholding held by the TianDa Group as at			
					December 31, 2014	December 31, 2015	December 31, 2016	September 30, 2017
Langfang CIMC Airport Support Ltd.	People's Republic of China, 25 February 2014	Manufacture and sale of automated parking system, material handling system and ground support equipment, rental of factories and property management	RMB10,000,000	(a)	100%	100%	100%	100%
CIMC-Tianda Airport Support (Hong Kong) Limited	People's Republic of China, 23 May 2013	Sale and distribution of passenger boarding bridge and ground support equipment	HKD1,000,000	(a)	100%	100%	100%	100%
Shenzhen CIMC Intralogistics Systems Co., Ltd.	People's Republic of China, 18 April 2013	Planning, consultancy, development, design, production and integration of material handling system	RMB60,000,000	(a)	100%	100%	100%	100%
Xinfa Airport Equipment Ltd.	People's Republic of China, 3 December 1997	Manufacture and sale of ground support equipment	RMB25,000,000	(b)	70%	70%	70%	70%
Kunshan CIMC Logistic Automation Equipment Co., Ltd.	People's Republic of China, 7 May 2014	Design, development, integration, information, consultancy, systems engineering and equipment planning for material handling system	RMB80,000,000	(a)	100%	100%	100%	91.97%
CIMC-Tianda (Longyan) Investment Development Co., Ltd.	People's Republic of China, 23 April 2014	Investment and asset management in parking lot business	RMB20,000,000	(a)	60%	60%	60%	60%
Tianda-Rus, Ltd.	Russia, 12 August 2015	Sale of airport equipment and material handling system	RUB1,000,000	(f)	-	100%	100%	100%
Shenzhen CIMC Tianda Jirong Aviation Air-conditioning Co., Ltd.	People's Republic of China, 9 January 2017	Research and development of air conditioning technology; sale of air conditioning equipment	RMB50,000,000	(d)	-	-	-	70%
Shenzhen CIMC Autoparking System Co., Ltd.	People's Republic of China, 8 March 2017	Sale and technical service of automatic parking system and equipment, mechanical products, metal structural parts, self-produced products and agent products	RMB30,000,000	(c)	-	-	-	100%
Zhengzhou Jinte Logistics Automation System Co., Ltd.	People's Republic of China, 11 November 2010	Sale, design and technical service of modern logistics automation system and high speed sorting systems	RMB20,000,000	(e)	-	-	-	91.97%

Notes:

- (a) The statutory financial statements were audited by Pan-China Certified Public Accountants LLP, People's Republic of China for the years ended December 31, 2014, 2015 and 2016.
- (b) The statutory financial statements were audited by PricewaterhouseCoopers Zhong Tian LLP Shenzhen for the year ended December 31, 2014. The statutory financial statements were audited by Pan-China Certified Public Accountants LLP, People's Republic of China for the years ended December 31, 2015 and 2016.
- (c) Shenzhen CIMC Autoparking System Co., Ltd. is newly incorporated in the People's Republic of China and is wholly owned by TianDa.

- (d) On 9 January 2017, the TianDa Group set up Shenzhen CIMC Tianda Jirong Aviation Air-conditioning Co., Ltd. ("TD Jirong") with a third party. The TianDa Group holds 70% equity interest of TD Jirong. The third party invested 30% of TD Jirong with a consideration of RMB15,000,000. The 30% investment held by the third party was included in the non-controlling interest of the TianDa Group.
- (e) In June 2017, the TianDa Group acquired Zhengzhou Jinte Logistics Automation System Co., Ltd. (Note 32).
- (f) Not required to be audited.

(a) **Material non-controlling interests**

Set out below are the summarised financial information for Xinfra Airport Equipment Ltd., as at December 31, 2014, 2015 and 2016 and September 30, 2017 and for the years/period then ended when the non-controlling interests were material to the TianDa Group. These are presented before inter-company eliminations.

Summarised statement of financial position	As at December 31,			As at September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000	2017 RMB'000
Current					
Assets	88,849	73,694	89,103		107,043
Liabilities	(66,160)	(38,419)	(47,297)		(66,970)
Total current net assets	<u>22,689</u>	<u>35,275</u>	<u>41,806</u>		<u>40,073</u>
Non-current					
Assets	6,703	9,709	9,376		8,677
Liabilities	-	-	-		-
Total non-current net assets	<u>6,703</u>	<u>9,709</u>	<u>9,376</u>		<u>8,677</u>
Net assets	<u>29,392</u>	<u>44,984</u>	<u>51,182</u>		<u>48,750</u>
				Nine months ended	
				September 30,	
Summarised statement of profit or loss	Year ended December 31,			September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000	2017 RMB'000
				(unaudited)	
Revenue	88,929	81,622	106,929	73,432	61,455
Profit before income tax	6,312	5,815	6,962	4,924	3,025
Income tax expense	(1,055)	(673)	(764)	(613)	(500)
Profit after tax	<u>5,257</u>	<u>5,142</u>	<u>6,198</u>	<u>4,311</u>	<u>2,525</u>
Total comprehensive income	<u>5,257</u>	<u>5,142</u>	<u>6,198</u>	<u>4,311</u>	<u>2,525</u>
Total comprehensive income allocated to non-controlling Interests	<u>1,577</u>	<u>1,543</u>	<u>1,859</u>	<u>1,293</u>	<u>758</u>

Summarised statements of cash flows	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Cash flows from operating activities					
Cash generated from/(used in) operations	14,404	7,906	13,179	4,055	(5,272)
Income tax paid	(1,747)	(2,287)	(4,137)	(2,580)	(3,729)
Net cash generated/(used in) from operating activities	12,657	5,619	9,042	1,475	(9,001)
Net cash used in investing activities	(5,001)	(4,659)	(44)	(44)	-
Net cash (used in)/generated from financing activities	(970)	4,464	-	-	-
Net increase/(decrease) in cash and cash equivalents	6,686	5,424	8,998	1,431	(9,001)
Cash and cash equivalents at beginning of year/period	5,807	12,492	18,831	18,831	28,682
Exchange (losses)/gains on cash and cash equivalents	(1)	915	853	278	(449)
Cash, cash equivalents at end of year	12,492	18,831	28,682	20,540	19,232

18 FINANCIAL INSTRUMENTS BY CATEGORY

The TianDa Group	As at December 31,			As at
	2014 RMB'000	2015 RMB'000	2016 RMB'000	September 30, 2017 RMB'000
Assets as per statement of financial position				
Loans and receivables:				
- Trade and other receivables excluding prepayments	667,609	720,815	912,686	669,125
- Pledged bank deposits	-	1,075	1,040	544
- Cash and cash equivalents	153,930	72,933	123,582	175,761
Fair value through the profit and loss:				
- Financial assets at fair value through profit or loss	187	-	-	105
Total	821,726	794,823	1,037,308	845,535
Liabilities as per statement of financial position				
Financial liabilities at amortized cost:				
- Borrowings	185,000	58,891	67,269	97,269
- Trade and other payables excluding non-financial liabilities	456,679	623,486	711,153	605,125
Fair value through the profit and loss:				
- Financial liabilities at fair value through profit or loss	-	2,036	2	-
Total	641,679	684,413	778,424	702,394

TianDa	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Assets as per statement of financial position				
Loans and receivables:				
- Trade and other receivables excluding prepayments	669,504	669,915	855,728	605,003
- Pledged bank deposits	-	1,075	517	518
- Cash and cash equivalents	44,219	14,139	48,981	98,650
Fair value through the profit and loss:				
- Financial assets at fair value through profit or loss	187	-	-	105
Total	<u>713,910</u>	<u>685,129</u>	<u>905,226</u>	<u>704,276</u>
Liabilities as per statement of financial position				
Financial liabilities at amortized cost:				
- Borrowings	185,000	58,891	67,269	97,269
- Trade and other payables excluding non-financial liabilities	413,204	513,354	578,525	447,030
Fair value through the profit and loss:				
- Financial liabilities at fair value through profit or loss	-	2,036	2	-
Total	<u>598,204</u>	<u>574,281</u>	<u>645,796</u>	<u>544,299</u>

19 FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

The TianDa Group and TianDa	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Derivative financial instruments	187	(2,036)	(2)	105

Derivative financial instruments represent United States Dollar/Chinese Renminbi and Euro/Chinese Renminbi currency forwards used to manage the exposure from receivables from sales of goods and committed purchase of inventories in foreign currencies. The contracted notional principal amount of the derivatives outstanding at the end of each of the Relevant Periods are USD8,000,000, USD6,000,000 and EUR5,500,000, EUR1,100,000 and EUR8,000,000.

20 NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

	At			At
	January 1,	Principal	Non-cash	December 31,
	2014	movement	changes	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Borrowings and amounts due to related parties for financing purpose	85,353	99,647	-	185,000

	At December 31, 2014 <i>RMB'000</i>	Principal movement <i>RMB'000</i>	Non-cash changes <i>RMB'000</i>	At December 31, 2015 <i>RMB'000</i>
Borrowings and amounts due to related parties for financing purpose	185,000	(21,904)	–	163,096
	<u>185,000</u>	<u>(21,904)</u>	<u>–</u>	<u>163,096</u>
	At December 31, 2015 <i>RMB'000</i>	Principal movement <i>RMB'000</i>	Non-cash changes <i>RMB'000</i>	At December 31, 2016 <i>RMB'000</i>
Borrowings and amounts due to related parties for financing purpose	163,096	(49,558)	–	113,538
	<u>163,096</u>	<u>(49,558)</u>	<u>–</u>	<u>113,538</u>
	At December 31, 2015 <i>RMB'000</i>	Principal movement <i>RMB'000</i>	Non-cash changes <i>RMB'000</i>	At September 30, 2016 <i>RMB'000</i>
Borrowings and amounts due to related parties for financing purpose	163,096	(52,293)	–	110,803
	<u>163,096</u>	<u>(52,293)</u>	<u>–</u>	<u>110,803</u>
	At December 31, 2016 <i>RMB'000</i>	Principal movement <i>RMB'000</i>	Non-cash changes <i>RMB'000</i>	At September 30, 2017 <i>RMB'000</i>
Borrowings and amounts due to related parties for financing purpose	113,538	30,000	–	143,538
	<u>113,538</u>	<u>30,000</u>	<u>–</u>	<u>143,538</u>

Borrowings and amounts due to related parties for financing purpose includes the TianDa Group's borrowings amounting to RMB185,000,000, RMB58,891,000, RMB67,269,000 and RMB97,269,000 for the financial years ended December 31, 2014, 2015 and 2016 and nine month period ended September 30, 2017 respectively.

(b) In the consolidated statement of cash flows, proceeds from disposal of properties, plant and equipment comprise:

	Year Ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
Net book amount	1,573	369	143	97	97
(Loss)/gain on disposal of property, plant and equipment (Note 8)	(1,557)	(157)	332	324	(2)
Proceeds from disposal	16	212	475	421	95

21 INVENTORIES

The TianDa Group	As at December 31,			As at September 30,
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000
Raw materials	32,209	28,087	32,372	50,486
Work in progress	220,278	152,836	196,511	492,369
Finished goods	9,165	4,167	2,924	4,695
Spare parts	311	288	468	1,320
	261,963	185,378	232,275	548,870
Less: provision for impairment	(2,159)	(3,196)	(3,899)	(3,899)
	259,804	182,182	228,376	544,971

The cost of inventories recognised as expenses and included in "cost of sales" amounted to approximately RMB580,679,000, RMB634,697,000, RMB612,617,000 and RMB166,293,000 for the years/period ended December 31, 2014, 2015 and 2016, September 30 2017, respectively.

Movements on the TianDa Group's provision for impairment of inventories are as follows:

	Year Ended December 31,			Nine months ended September 30,
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000
At beginning of the year/period	2,159	2,159	3,196	3,899
Provision for inventories	–	1,037	5,157	–
Allowance utilised	–	–	(4,454)	–
At end of the year/period	2,159	3,196	3,899	3,899

TianDa	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Raw materials	24,695	22,600	24,924	39,230
Work in progress	210,351	136,263	187,047	426,259
Spare parts	–	201	383	1,233
	<u>235,046</u>	<u>159,064</u>	<u>212,354</u>	<u>466,722</u>
Less: provision for impairment	<u>(1,677)</u>	<u>(2,714)</u>	<u>(2,917)</u>	<u>(2,917)</u>
	<u><u>233,369</u></u>	<u><u>156,350</u></u>	<u><u>209,437</u></u>	<u><u>463,805</u></u>

Movements on the TianDa's provision for impairment of inventories are as follows:

	Year Ended December 31,			Nine months
	2014	2015	2016	ended
	RMB'000	RMB'000	RMB'000	September 30,
				2017
				RMB'000
At beginning of the year/period	1,677	1,677	2,714	2,917
Provision for inventories	–	1,037	4,657	–
Allowance utilised	–	–	(4,454)	–
	<u>1,677</u>	<u>2,714</u>	<u>2,917</u>	<u>2,917</u>

22 TRADE AND OTHER RECEIVABLES

The TianDa Group

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Trade receivables due from third parties	662,998	697,182	882,635	594,927
Trade receivables due from related parties (Note 33)	9,729	28,242	22,941	28,865
Bills receivables	6,229	5,000	16,230	1,506
Total trade receivables	678,956	730,424	921,806	625,298
Less: provision for impairment of trade receivables	(39,600)	(44,929)	(47,281)	(44,456)
Total trade receivables – net	639,356	685,495	874,525	580,842
Amounts due from related parties (Note 33)	814	232	12,478	20,128
Other receivables	13,489	15,229	3,002	41,385
Less: provision for impairment of other receivables	(183)	(183)	(183)	(183)
Total other receivables – net	13,306	15,046	2,819	41,202
Deposits	9,399	17,590	20,042	16,735
Prepayments	76,337	39,045	74,927	160,377
Advances to staff	4,734	2,452	2,822	10,218
Total prepayments and other receivables	104,590	74,365	113,088	248,660
	743,946	759,860	987,613	829,502

Amounts due from related parties and advances to staff are unsecured, interest-free, and repayable on demand.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, the fair value of trade and other receivables of the TianDa Group, except for prepayments which are not financial assets, approximated their carrying amounts.

The credit period granted to third parties and the related parties are ranging from 30 to 90 days. The aging analysis of trade receivables based on invoice date, before provision for impairment, as at December 31, 2014, 2015 and 2016 and September 30, 2017, was as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Trade receivables – gross				
– Within 90 days	523,694	235,508	564,254	496,765
– 91 to 180 days	51,722	119,978	81,322	59,958
– 181 to 360 days	55,506	284,879	203,928	23,331
– Over 360 days	48,034	90,059	72,302	45,244
	678,956	730,424	921,806	625,298

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The TianDa Group does not hold any collateral as security over these debtors as at December 31, 2014, 2015 and 2016 and September 30, 2017.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of RMB523,694,000, RMB235,508,000, RMB564,254,000 and RMB496,765,000, respectively, were fully performing.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, no trade receivables were past due but not impaired.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of RMB155,262,000, RMB494,916,000, RMB357,552,000 and RMB128,533,000, respectively, were impaired. The amount of the provision was RMB39,600,000, RMB44,929,000, RMB47,281,000 and RMB44,456,000, respectively. The individually impaired receivables mainly relate to customers which are in difficult economic situations and management assessed that these receivables are unlikely to be fully recovered. The ageing of these receivables is as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Trade receivables – gross				
– Within 90 days	–	–	–	–
– 91 to 180 days	51,722	119,978	81,322	59,958
– 181 to 360 days	55,506	284,879	203,928	23,331
– Over 360 days	48,034	90,059	72,302	45,244
	<u>155,262</u>	<u>494,916</u>	<u>357,552</u>	<u>128,533</u>

As at December 31, 2014, 2015 and 2016 and September 30, 2017, the carrying amounts of trade and other receivables excluding prepayments are denominated in the following currencies:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
USD	145,164	93,137	125,416	195,455
RMB	476,877	518,342	649,064	375,242
EUR	41,585	65,367	106,405	43,998
Others	3,983	43,969	31,801	54,430
	<u>667,609</u>	<u>720,815</u>	<u>912,686</u>	<u>669,125</u>

Movements on the TianDa Group's provision for impairment of trade receivables are as follows:

	Year ended December 31,			Nine months ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
At beginning of the year/period	29,115	39,600	44,929	44,929	47,281
Provision for/(write-back) of receivables impairment	10,485	5,695	8,941	(6,835)	(162)
Allowance utilised	--	(366)	(6,589)	(6,461)	(2,663)
At end of the year/period	<u>39,600</u>	<u>44,929</u>	<u>47,281</u>	<u>31,633</u>	<u>44,456</u>

There was no significant movement in provision for impairment of other receivables.

TianDa

	As at December 31,			As at September 30,
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2017 RMB'000
Trade receivables due from third parties	612,132	661,979	786,972	513,823
Trade receivables due from related parties and subsidiaries	27,762	3,861	55,318	42,981
Bills receivables	6,229	5,000	16,030	456
Total trade receivables	646,123	670,840	858,320	557,260
Less: provision for impairment of trade receivables	<u>(39,233)</u>	<u>(44,461)</u>	<u>(46,019)</u>	<u>(43,420)</u>
Total trade receivables – net	<u>606,890</u>	<u>626,379</u>	<u>812,301</u>	<u>513,840</u>
Amounts due from related parties and subsidiaries	39,088	11,482	24,262	34,592
Other receivables	10,481	14,217	1,644	35,812
Less: provision for impairment of other receivables	<u>(183)</u>	<u>(183)</u>	<u>(183)</u>	<u>(183)</u>
Total other receivables – net	<u>10,298</u>	<u>14,034</u>	<u>1,461</u>	<u>35,629</u>
Deposits	9,322	15,719	15,747	12,696
Prepayments	48,836	29,195	38,136	69,821
Advances to staff	<u>3,906</u>	<u>2,301</u>	<u>1,957</u>	<u>8,246</u>
Total prepayments and other receivables	<u>111,450</u>	<u>72,731</u>	<u>81,563</u>	<u>160,984</u>
	<u>718,340</u>	<u>699,110</u>	<u>893,864</u>	<u>674,824</u>

Amounts due from related parties and subsidiaries are unsecured, interest-free, and repayable on demand.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, the fair value of trade and other receivables of TianDa, except for prepayments which are not financial assets, approximated their carrying amounts.

The credit period granted to third parties and the related parties are ranging from 30 to 90 days. The aging analysis of trade receivables based on invoice date, before provision for impairment, as at December 31, 2014, 2015 and 2016 and September 30, 2017, was as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Trade receivables – gross				
– Within 90 days	496,147	222,014	533,074	442,777
– 91 to 180 days	49,116	105,409	63,518	46,314
– 181 to 360 days	53,276	264,343	191,655	23,231
– Over 360 days	47,584	79,074	70,073	44,938
	<u>646,123</u>	<u>670,840</u>	<u>858,320</u>	<u>557,260</u>

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. TianDa does not hold any collateral as security over these debtors.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of RMB496,147,000, RMB222,014,000, RMB533,074,000 and RMB442,777,000, respectively, were fully performing.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, no trade receivables were past due but not impaired.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, trade receivables of RMB149,976,000, RMB448,826,000, RMB325,246,000 and RMB114,483,000, respectively, were impaired. The amount of the provision was RMB39,233,000, RMB44,461,000, RMB46,019,000 and RMB43,420,000, respectively. The individually impaired receivables mainly relate to customers which are in difficult economic situations and management assessed that these receivables are unlikely to be fully recovered. The ageing of these receivables is as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Trade receivables – gross				
– Within 90 days	–	–	–	–
– 91 to 180 days	49,116	105,409	63,518	46,314
– 181 to 360 days	53,276	264,343	191,655	23,231
– Over 360 days	47,584	79,074	70,073	44,938
	<u>149,976</u>	<u>448,826</u>	<u>325,246</u>	<u>114,483</u>

As at December 31, 2014, 2015 and 2016 and September 30, 2017, the carrying amounts of trade and other receivables excluding prepayments are denominated in the following currencies:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
USD	128,729	87,421	97,966	138,790
RMB	496,583	487,718	629,186	330,617
EUR	40,205	51,732	106,192	39,686
Others	3,987	43,044	22,384	95,910
	<u>669,504</u>	<u>669,915</u>	<u>855,728</u>	<u>605,003</u>

Movements on TianDa's provision for impairment of trade receivables are as follows:

	Year ended December 31,			Nine months ended	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
At beginning of the year/period	29,115	39,233	44,461	44,461	46,019
Provision for/(write-back) of receivables impairment	10,118	5,228	8,147	(7,230)	62
Allowance utilised	<u>-</u>	<u>-</u>	<u>(6,589)</u>	<u>(6,461)</u>	<u>(2,661)</u>
At end of the year/period	<u>39,233</u>	<u>44,461</u>	<u>46,019</u>	<u>30,770</u>	<u>43,420</u>

There was no significant movement in provision for impairment of other receivables.

23 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

The TianDa Group

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
Cash at bank and on hand	37,414	18,064	25,324	53,404
Cash at CIMC Finance Company	<u>116,516</u>	<u>55,944</u>	<u>99,298</u>	<u>122,901</u>
	153,930	74,008	124,622	176,305
Less: Pledged bank deposits	<u>-</u>	<u>(1,075)</u>	<u>(1,040)</u>	<u>(544)</u>
Cash and cash equivalents	<u>153,930</u>	<u>72,933</u>	<u>123,582</u>	<u>175,761</u>

Cash at CIMC Finance Company Ltd. refer to deposits placed with CIMC Finance Company Ltd. ("CIMC Finance Company"). CIMC Finance Company is a subsidiary of the ultimate holding company of the TianDa Group.

The carrying amounts of the cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
USD	26,058	12,487	21,634	31,285
RMB	114,035	60,183	100,018	101,385
EUR	13,130	1,338	1,194	24,086
Others	707	–	1,776	19,549
	<u>153,930</u>	<u>74,008</u>	<u>124,622</u>	<u>176,305</u>

Bank balances carry interest ranging from 0% to 0.5% per annum.

TianDa

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
Cash at bank and on hand	15,826	11,344	19,646	21,761
Cash at CIMC Finance Company	<u>28,393</u>	<u>3,870</u>	<u>29,852</u>	<u>77,407</u>
	44,219	15,214	49,498	99,168
Less: Pledged bank deposits	<u>–</u>	<u>(1,075)</u>	<u>(517)</u>	<u>(518)</u>
Cash and cash equivalents	<u>44,219</u>	<u>14,139</u>	<u>48,981</u>	<u>98,650</u>

The carrying amounts of the cash and cash equivalents and pledged bank deposits are denominated in the following currencies:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
RMB	19,425	13,750	46,458	57,811
USD	11,562	568	624	15,338
EUR	12,525	721	640	23,356
Others	<u>707</u>	<u>175</u>	<u>1,776</u>	<u>2,663</u>
	<u>44,219</u>	<u>15,214</u>	<u>49,498</u>	<u>99,168</u>

24 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statements of financial position as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Deferred tax assets:				
- to be recovered after more than 12 months	19,855	16,834	20,324	24,274
- to be recovered within 12 months	-	-	-	-
	<u>19,855</u>	<u>16,834</u>	<u>20,324</u>	<u>24,274</u>
Deferred tax liabilities:				
- to be recovered after more than 12 months	-	-	-	-
- to be recovered within 12 months	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The movement on the deferred income tax account is as follows:

	Year Ended December 31,			Nine months Ended September 30,	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
At beginning of the year/period	12,658	19,855	16,834	16,834	20,324
Acquisition of subsidiary	-	-	-	-	56
Tax credit to profit or loss	7,197	1,557	3,490	2,757	3,894
Tax charge to other comprehensive income	-	(4,578)	-	-	-
At end of the year/period	<u>19,855</u>	<u>16,834</u>	<u>20,324</u>	<u>19,591</u>	<u>24,274</u>

Movement in deferred income tax assets and liabilities during the Relevant Periods, without taking into consideration the offsetting of balance within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Property, plant and equipment RMB'000	Investment properties RMB'000	Intangible asset RMB'000	Other items RMB'000	Total RMB'000
As at January 1, 2014	—	—	—	—	—
At December 31, 2014	—	—	—	—	—
Charged to other comprehensive income	4,578	—	—	—	4,578
At December 31, 2015	4,578	—	—	—	4,578
Charged to profit or loss	—	294	—	—	294
At December 31, 2016	4,578	294	—	—	4,872
Charged to profit or loss	(3)	154	(15)	(14)	122
Acquisition of subsidiary	17	—	589	89	695
At September 30, 2017	4,592	448	574	75	5,689

Deferred tax assets	Impairment losses RMB'000	Provisions RMB'000	Allowances for		Tax losses RMB'000	Employee benefits payables RMB'000	Total RMB'000
			doubtful debts RMB'000	Derivatives RMB'000			
As at January 1, 2014	721	5,410	4,395	(456)	842	1,746	12,658
Credited/(charged) to profit or loss	(214)	2,647	1,573	428	(283)	3,046	7,197
At December 31, 2014	507	8,057	5,968	(28)	559	4,792	19,855
Credited/(charged) to profit or loss	—	1,322	799	333	43	(940)	1,557
At December 31, 2015	507	9,379	6,767	305	602	3,852	21,412
Credited/(charged) to profit or loss	—	27	2,571	(305)	1,492	(1)	3,784
At December 31, 2016	507	9,406	9,338	—	2,094	3,851	25,196
(Charged)/credited to profit or loss	(507)	(75)	(2,642)	—	8,276	(1,036)	4,016
Acquisition of subsidiary	—	—	—	—	751	—	751
At September 30, 2017	—	9,331	6,696	—	11,121	2,815	29,963

25 SHARE CAPITAL

	At December 31, 2014 <i>RMB'000</i>	At December 31, 2015 <i>RMB'000</i>	At December 31, 2016 <i>RMB'000</i>	At September 30, 2017 <i>RMB'000</i>
The TianDa Group and TianDa				
Ordinary share, issued and fully paid:				
At beginning of the year/period	103,666	103,666	103,666	103,666
At end of the year/period	<u>103,666</u>	<u>103,666</u>	<u>103,666</u>	<u>103,666</u>

26 RESERVES

	Other reserves					Total <i>RMB'000</i>
	Surplus reserve <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	Assets revaluation reserve <i>RMB'000</i>	Sub-total <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	
The TianDa Group						
At January 1, 2014	9,378	(14,692)	-	(5,314)	281,213	275,899
Profit for the year	-	-	-	-	86,358	86,358
At December 31, 2014	<u>9,378</u>	<u>(14,692)</u>	<u>-</u>	<u>(5,314)</u>	<u>367,571</u>	<u>362,257</u>
At January 1, 2015	9,378	(14,692)	-	(5,314)	367,571	362,257
Profit for the year	-	-	-	-	95,925	95,925
Fair value uplift at the date of transfer of property, plant and equipment and land use rights to investment properties	-	-	25,943	25,943	-	25,943
At December 31, 2015	<u>9,378</u>	<u>(14,692)</u>	<u>25,943</u>	<u>20,629</u>	<u>463,496</u>	<u>484,125</u>

The TianDa Group	Other reserves				Sub-total RMB'000	Retained earnings RMB'000	Total RMB'000
	Surplus reserve RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Assets revaluation reserve RMB'000			
At January 1, 2016	9,378	(14,692)	-	25,943	20,629	463,496	484,125
Profit for the year	-	-	-	-	-	128,541	128,541
At December 31, 2016	<u>9,378</u>	<u>(14,692)</u>	<u>-</u>	<u>25,943</u>	<u>20,629</u>	<u>592,037</u>	<u>612,666</u>
Unaudited:							
At January 1, 2016	9,378	(14,692)	-	25,943	20,629	463,496	484,125
Profit for the period	-	-	-	-	-	9,044	9,044
At September 30, 2016	<u>9,378</u>	<u>(14,692)</u>	<u>-</u>	<u>25,943</u>	<u>20,629</u>	<u>472,540</u>	<u>493,169</u>
At January 1, 2017	9,378	(14,692)	-	25,943	20,629	592,037	612,666
Loss for the period	-	-	-	-	-	(11,638)	(11,638)
Disposal of a subsidiary without loss of control (Note b)	-	-	4,869	-	4,869	-	4,869
At September 30, 2017	<u>9,378</u>	<u>(14,692)</u>	<u>4,869</u>	<u>25,943</u>	<u>25,498</u>	<u>580,399</u>	<u>605,897</u>

Notes:

(a) Surplus reserve comprises:

(i) General reserve fund

Pursuant to the Articles of Association of TianDa, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the People's Republic of China. The percentage for this appropriation was decided by the board of directors. This general reserve fund can be utilised in setting off accumulated losses or increasing capital and is non-distributable other than upon liquidation.

(ii) Enterprise expansion fund

Pursuant to the Articles of Association of TianDa, appropriations to enterprise expansion fund were made at a certain percentage of profit after taxation determined in accordance with accounting rules and regulations of the People's Republic of China. The percentage for this appropriation was decided by the board of directors. This enterprise expansion fund can be utilised in expansion of the enterprise and is non-distributable other than upon liquidation.

(b) In June 2017, the TianDa Group acquired Zhengzhou Jinte Logistics Automation System Co. Ltd. (Note 32). According to the sale and purchase agreement, part of the purchase consideration was settled by a 8.03% equity interest in Kunshan CIMC Logistic Automation Equipment Co., Ltd.. The difference between the fair value of the 8.03% equity interest disposed amounting to RMB12,000,000 and its carrying amount of non-controlling interest acquired amounting to RMB7,131,000 at the date of acquisition was recognised in other reserve.

TianDa	Other reserves					Total
	Surplus reserve RMB'000	Capital reserve RMB'000	Assets revaluation reserve RMB'000	Sub-total RMB'000	Retained earnings RMB'000	
At January 1, 2014	9,378	(14,692)	–	(5,314)	279,504	274,190
Profit for the year	–	–	–	–	92,938	92,938
At December 31, 2014	<u>9,378</u>	<u>(14,692)</u>	<u>–</u>	<u>(5,314)</u>	<u>372,442</u>	<u>367,128</u>
At January 1, 2015	9,378	(14,692)	–	(5,314)	372,442	367,128
Profit for the year	–	–	–	–	94,723	94,723
Fair value uplift at the date of transfer of property, plant and equipment and land use rights to investment properties	–	–	25,943	25,943	–	25,943
At December 31, 2015	<u>9,378</u>	<u>(14,692)</u>	<u>25,943</u>	<u>20,629</u>	<u>467,165</u>	<u>487,794</u>
At January 1, 2016	9,378	(14,692)	25,943	20,629	467,165	487,794
Profit for the year	–	–	–	–	123,608	123,608
At December 31, 2016	<u>9,378</u>	<u>(14,692)</u>	<u>25,943</u>	<u>20,629</u>	<u>590,773</u>	<u>611,402</u>
At January 1, 2017	9,378	(14,692)	25,943	20,629	590,773	611,402
Profit for the period	–	–	–	–	16,681	16,681
At September 30, 2017	<u>9,378</u>	<u>(14,692)</u>	<u>25,943</u>	<u>20,629</u>	<u>607,454</u>	<u>628,083</u>

27 TRADE AND OTHER PAYABLES

The TianDa Group

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Current				
- Trade payables to third parties	244,927	236,398	318,710	274,944
- Trade payables to related parties (Note 33)	4,190	1,908	8,686	4,576
	<u>249,117</u>	<u>238,306</u>	<u>327,396</u>	<u>279,520</u>
Total trade payables	249,117	238,306	327,396	279,520
- Amounts due to related parties (Note 33)	21,422	119,521	4,327	1,140
- Dividends payables (Note a)	70,093	70,827	71,697	72,596
- Staff salaries, bonuses and welfare payables	33,342	28,122	28,728	21,053
- Advances received	171,036	179,950	316,996	660,926
- Accruals and other payables	116,047	197,034	244,435	185,961
	<u>661,057</u>	<u>833,760</u>	<u>993,579</u>	<u>1,221,196</u>
Non-current				
- Advances received and other payables	-	11,389	12,630	13,588
- Amounts due to related parties (Note 33)	-	-	65,500	65,500
	<u>-</u>	<u>11,389</u>	<u>78,130</u>	<u>79,088</u>

Notes:

- (a) The dividends payables represent TianDa unpaid dividends to CIMC-HK, which were declared in the financial years of 2011 and 2013 and unpaid dividends to Beijing Bowei Airport support Co., Ltd., a non-controlling shareholder of Xinfra Airport Equipment Ltd. which were declared in the financial years of 2017.

Amounts due to ultimate holding company related to medium term notes ("MTN"), which are unsecured and with interest rate at 3.15% per annum. The MTN are denominated in RMB and maturity date is 22 August 2019. Amounts due to other related parties are unsecured, interest-free, and repayable on demand.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, all trade and other payables of the TianDa Group were non-interest bearing, and their fair value, except for those non-financial liabilities, approximate to their carrying amounts due to their short maturities.

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
0 - 60 days	53,975	52,712	70,935	27,489
61 - 120 days	83,039	78,976	109,132	80,552
121 - 240 days	62,279	59,232	81,850	138,868
Over 240 days	49,824	47,386	65,479	32,611
	<u>249,117</u>	<u>238,306</u>	<u>327,396</u>	<u>279,520</u>

The TianDa Group's trade and other payables are denominated in the following currencies:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
USD	82,058	54,748	36,364	37,324
RMB	569,165	787,128	891,632	1,083,509
EUR	9,000	766	26,020	65,267
Others	834	2,507	117,693	114,184
	<u>661,057</u>	<u>845,149</u>	<u>1,071,709</u>	<u>1,300,284</u>

TianDa

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Current				
Trade payables to third parties	219,129	176,350	228,126	186,251
Trade payables to subsidiaries and related parties	<u>13,925</u>	<u>22,584</u>	<u>71,454</u>	<u>48,311</u>
Total trade payables	233,054	198,934	299,580	234,562
Amounts due to related parties	1,024	59,218	19,048	12,111
Staff salaries, bonuses and welfare payables	31,951	25,678	25,672	18,768
Dividends payables	70,093	70,827	71,697	71,108
Advanced received	158,331	166,088	267,421	502,061
Accruals and other payables	<u>109,033</u>	<u>186,577</u>	<u>190,402</u>	<u>131,451</u>
	<u>603,486</u>	<u>707,322</u>	<u>873,820</u>	<u>970,061</u>
Non-current				
– Advances received	<u>--</u>	<u>11,389</u>	<u>12,630</u>	<u>10,978</u>

Amounts due to related parties and subsidiaries are unsecured, interest-free, and repayable on demand.

As at December 31, 2014, 2015 and 2016 and September 30, 2017, all trade and other payables of TianDa were non-interest bearing, and their fair value, except for those non-financial liabilities, approximate to their carrying amounts due to their short maturities.

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
0 – 60 days	67,565	66,576	107,101	42,127
61 – 120 days	76,076	62,892	110,665	25,228
121 – 240 days	46,044	35,544	64,067	127,813
Over 240 days	<u>43,369</u>	<u>33,922</u>	<u>17,747</u>	<u>39,394</u>
	<u>233,054</u>	<u>198,934</u>	<u>299,580</u>	<u>234,562</u>

TianDa's trade and other payables are denominated in the following currencies:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
USD	82,966	54,748	35,544	43,189
RMB	509,858	661,736	818,562	860,592
EUR	9,988	766	26,020	46,541
Others	674	1,461	6,324	30,717
	<u>603,486</u>	<u>718,711</u>	<u>886,450</u>	<u>981,039</u>

28 BORROWINGS

The TianDa Group and TianDa

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
Non-current				
Bank borrowings, unsecured	<u>-</u>	<u>5,891</u>	<u>47,269</u>	<u>47,269</u>
Current				
Loans from related parties, unsecured	95,000	23,000	10,000	40,000
Bank borrowings, unsecured	<u>90,000</u>	<u>30,000</u>	<u>10,000</u>	<u>10,000</u>
Total borrowings	<u>185,000</u>	<u>58,891</u>	<u>67,269</u>	<u>97,269</u>

(a) The weighted average interest rates per annum at each statement of financial position date were as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	%	%	%	2017
Loans from related parties, unsecured	5.13%	5.57%	4.45%	5.00%
Bank borrowings, unsecured	<u>5.19%</u>	<u>5.51%</u>	<u>5.23%</u>	<u>5.25%</u>

The interest rates for the bank loans outstanding at each statement of financial position date were arranged at variable interest rate and expose the TianDa Group to interest rate risk.

- (b) The TianDa Group's borrowings at each statement of financial position date were repayable within 5 years and the repayment schedule is as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
Within 1 year	185,000	53,000	20,000	50,000
Between 1 and 5 years	–	5,891	47,269	47,269
	<u>185,000</u>	<u>58,891</u>	<u>67,269</u>	<u>97,269</u>

- (c) The exposure of the borrowings to interest rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
6 months or less	95,000	–	10,000	40,000
6 – 12 months	90,000	53,000	10,000	10,000
1 – 5 years	–	5,891	47,269	47,269
	<u>185,000</u>	<u>58,891</u>	<u>67,269</u>	<u>97,269</u>

- (d) The fair values of current borrowings approximate their carrying amounts as the impact of discounting is not significant.
- (e) The borrowings are denominated in the following currencies:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
RMB	<u>185,000</u>	<u>58,891</u>	<u>67,269</u>	<u>97,269</u>

- (f) The TianDa Group has the following undrawn borrowing facilities:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
Floating rate:				
– Expiring within one year	–	54,108	12,731	12,731
	<u>–</u>	<u>54,108</u>	<u>12,731</u>	<u>12,731</u>

29 PROVISIONS

The TianDa Group

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Warranties (Note a)	51,242	58,420	54,363	54,772
Contingent liability (Note b)	2,475	2,475	2,475	40
Guarantees for third parties	528	-	-	-
	<u>54,245</u>	<u>60,895</u>	<u>56,838</u>	<u>54,812</u>
	Warranties	Contingent liability	Guarantees for third parties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at January 1, 2014	33,869	-	4,219	38,088
Provision made	28,584	2,475	-	31,059
Provision utilised	(3,847)	-	(3,691)	(7,538)
Provision reversed	(7,364)	-	-	(7,364)
	<u>51,242</u>	<u>2,475</u>	<u>528</u>	<u>54,245</u>
At December 31, 2014				
Provision made	26,455	-	-	26,455
Provision utilised	(8,917)	-	-	(8,917)
Provision reversed	(10,360)	-	(528)	(10,888)
	<u>58,420</u>	<u>2,475</u>	<u>-</u>	<u>60,895</u>
At December 31, 2015				
Provision made	19,836	-	-	19,836
Provision utilised	(8,143)	-	-	(8,143)
Provision reversed	(15,750)	-	-	(15,750)
	<u>54,363</u>	<u>2,475</u>	<u>-</u>	<u>56,838</u>
At December 31, 2016				
Provision made	8,680	-	-	8,680
Provision utilised	(4,243)	-	-	(4,243)
Provision reversed	(4,028)	(2,435)	-	(6,463)
	<u>54,772</u>	<u>40</u>	<u>-</u>	<u>54,812</u>
At September 30, 2017				

TianDa

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Warranties (Note a)	45,211	51,873	42,711	41,921
Contingent liability (Note b)	2,475	2,475	2,475	40
Guarantees for third parties	528	-	-	-
	<u>48,214</u>	<u>54,348</u>	<u>45,186</u>	<u>41,961</u>

	Warranties RMB'000	Contingent liability RMB'000	Guarantees for third parties RMB'000	Total RMB'000
As at January 1, 2014	33,335	–	4,219	37,554
Provision made	22,654	2,475	–	25,129
Provision utilised	(3,506)	–	(3,691)	(7,197)
Provision reversed	(7,272)	–	–	(7,272)
At December 31, 2014	45,211	2,475	528	48,214
Provision made	23,595	–	–	23,595
Provision utilised	(7,320)	–	–	(7,320)
Provision reversed	(9,613)	–	(528)	(10,141)
At December 31, 2015	51,873	2,475	–	54,348
Provision made	13,664	–	–	13,664
Provision utilised	(7,594)	–	–	(7,594)
Provision reversed	(15,232)	–	–	(15,232)
At December 31, 2016	42,711	2,475	–	45,186
Provision made	6,327	–	–	6,327
Provision utilised	(3,369)	–	–	(3,369)
Provision reversed	(3,748)	(2,435)	–	(6,183)
At September 30, 2017	41,921	40	–	41,961

(a) Warranties

The TianDa Group and TianDa give generally one to two-year warranties on certain products and undertake to repair or replace items that fail to perform satisfactorily. A provision is recognised at the end of the reporting period for expected warranty claims based on past experience of the level of repairs and returns.

(b) Contingent liability

A contingent liability of RMB2,475,000 has been recognised for a pending lawsuit in which TianDa is a defendant and TianDa has launched counter-suits at meanwhile. The claim has arisen from a customer alleging defects on products supplied to them. The court reached a decision on this case on 9 September 2014 and the amount of all future payments that TianDa could be required to make is RMB2,475,000. For the sake of prudence, TianDa has recorded contingent liability of RMB2,475,000 as of 31 December 2014. There has been no change in the amount recognised for the liability at 31 December 2015 and 2016, as there has been no change in the probability of the outcome of the lawsuit. As at 19 May 2017, TianDa and the customer entered into a court mediation agreement to settle the lawsuit.

30 DEFERRED INCOME

The TianDa Group	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Government grants	40,765	43,022	50,748	69,682

TianDa	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Government grants	40,765	43,022	50,748	53,282

Deferred income related to:

- (1) special funds from the Shenzhen Development and Reform Commission and Kunshan Zhang Pu Town People's Government to be used only in relation to the construction of the new factories; and
- (2) government grant from Shenzhen Finance Committee (government related) to be used for the acquisition of certain equipment.

The grants are recognised initially as deferred income upon receipt and when there was reasonable assurance that the conditions associated with the grant could be complied with, they were recognised as other income over the useful life of the related asset.

31 COMMITMENTS

(a) Capital commitments – the TianDa Group and TianDa

Capital commitments contracted for at each statement of financial position date but not yet incurred are as follows:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
Construction of new factory premises				
– Approved by directors and contracted for	100,846	110,451	35,000	–
– Approved by directors and not contracted for	385,722	138,341	78,990	70,842
	486,568	248,792	113,990	70,842

(b) Operating lease commitments – the TianDa Group and TianDa as lessee

The TianDa Group and TianDa leases various buildings under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

The TianDa Group	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
No later than 1 year	4,015	4,398	3,016	5,587
Later than 1 year and no later than 5 years	8,840	7,354	6,590	11,380
Later than 5 years	9,139	8,338	6,453	5,376
	21,994	20,090	16,059	22,343

TianDa	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
No later than 1 year	4,015	4,398	3,016	5,547
Later than 1 year and no later than 5 years	8,840	7,354	6,590	11,380
Later than 5 years	9,139	8,338	6,453	5,376
	<u>21,994</u>	<u>20,090</u>	<u>16,059</u>	<u>22,303</u>

(c) **Operating leases rental receivables – the TianDa Group and TianDa as lessor**

The TianDa Group and TianDa leases out leasehold buildings to non-related parties under non-cancellable operating leases. The lessees are required to pay either absolute fixed annual increase to the lease payments or contingent rents computed based on their sales achieved during the lease period.

The future minimum lease receivables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as receivables, are as follows:

The TianDa Group and TianDa	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
No later than 1 year	–	10,288	10,288	11,702
Later than 1 year and no later than 5 years	–	42,538	42,538	39,632
Later than 5 years	–	49,940	39,404	29,926
	<u>–</u>	<u>102,766</u>	<u>92,230</u>	<u>81,260</u>

32 ACQUISITION

(i) **2017 Acquisition**

In June 2017, the TianDa Group, through its wholly owned subsidiary, Kunshan CIMC Logistics Automation Equipment Co., Ltd. (“Kunshan CIMC Automation Equipment”), acquired 100% equity interest of Zhengzhou Jinte Logistics Automation System Co., Ltd. (“Jinte”), a company engages in the sale, design and technical service of modern logistics automation system and high speed sorting systems. According to the sale and purchase agreement, the consideration for the acquisition consists of:

- (1) Cash of RMB5,000,000;
- (2) 8.03% equity interest of Kunshan CIMC Automation Equipment. The fair value of 8.03% equity interest was determined to be RMB12,000,000; and
- (3) Contingent consideration of higher of RMB3,000,000 and 3% of Jinte’s future sales in next three years.

Upon the completion of the 2017 Acquisition, Jinte became a 91.97%-owned subsidiary of TianDa. The identifiable assets, liabilities and contingent liabilities of Jinte were recognised and measured in the Historical Financial Information at their acquisition date fair values. The excess of fair value purchase consideration over the identifiable net assets of Jinte at fair value is recognised as goodwill in the consolidated statement of financial position.

The effects of the 2017 Acquisition are disclosed below.

(a) Purchase consideration:

	June 2017 At fair value RMB'000
Cash paid	5,000
8.03% equity interest of Kunshan CIMC Automation Equipment	12,000
Present value of contingent consideration (<i>Note (e)</i>)	<u>2,610</u>
Total purchase consideration	<u><u>19,610</u></u>

(b) Identifiable assets acquired and liabilities assumed of the TianDa Group:

	June 2017 At fair value RMB'000
Cash and cash equivalents	514
Trade and other receivables	444
Inventories	7,601
Property, plant and equipment	192
Intangible assets	6,880
Deferred income tax assets	<u>751</u>
	16,382
Trade and other payables	(9,091)
Tax payable	(630)
Deferred income tax liabilities	<u>(695)</u>
	<u>(10,416)</u>
Total identifiable net assets	<u><u>5,966</u></u>
Add:	
Goodwill	<u>13,644</u>
Total purchase consideration	<u><u>19,610</u></u>

(c) Effect on cash flows of the TianDa Group

	RMB'000
Cash paid (as above)	5,000
Less: Cash and cash equivalents in subsidiary acquired	<u>(514)</u>
Cash outflow on acquisition	<u><u>4,486</u></u>

(d) Acquisition related cost

Acquisition related cost of RMB15,000 are included in the other operating expenses in the consolidated statement of profit or loss and operating cash flows in the consolidated statement of cash flows.

(e) Contingent consideration

Management assessed that the amount of contingent consideration payable by the TianDa Group would be RMB3,000,000 as management estimated that 3% of Jinte's future sales for the next three years would be less than RMB3,000,000. Accordingly, the management has estimated the present value of the contingent consideration to be RMB2,610,000 as at 30 September 2017 by discounting the future payments using the 3-year borrowing rate. The present value is recognised in trade and other payables of the consolidated statement of financial position as at 30 September 2017.

(f) The goodwill arising from the 2017 Acquisition is attributable to the synergies expected to be achieved from integrating Jinte's operations into the TianDa Group's existing business.

(g) Revenue and profit contribution

Jinte contributed revenue of RMB1,800,000 and net loss of RMB1,676,000 to the TianDa Group for the period from 1 July 2017 to 30 September 2017.

Had Jinte been consolidated from 1 January 2017, consolidated revenue and consolidated loss for the financial period ended 30 September 2017 would have been RMB414,748,000 and RMB13,300,000 respectively.

33 RELATED-PARTY TRANSACTIONS

TianDa's immediate holding company is Pteris Global Limited, incorporated in Singapore. The ultimate holding company is CIMC Group incorporated in the People's Republic of China.

In addition to those disclosed elsewhere in the Historical Financial Information, the following is a summary of the significant transactions carried out between the TianDa Group and its related parties in the ordinary course of business during the years ended December 31, 2014, 2015 and 2016 and period ended September 30, 2017 and balances arising from related party transactions as at December 31, 2014, 2015 and 2016 and September 30, 2017.

(a) The following transactions were carried out with the principal related parties:

Name of entities	Relationship with the TianDa Group
Pteris Global (Beijing) Ltd.	Fellow subsidiary
Pteris Global (Suzhou) Ltd.	Fellow subsidiary
Ziegler Fire & Rescue Vehicle Sales & Service (Beijing) Co., Ltd.	Fellow subsidiary
CIMC Vehicles (Shandong) Co., Ltd.	Fellow subsidiary
CIMC Air Marrel SAS	Fellow subsidiary
CIMC-Shac(Xi'an) Special Vehicles Co., Ltd.	Fellow subsidiary
Shenzhen South CIMC Logistics Co., Ltd.	Fellow subsidiary
Gansu CIMC Huajun Vehicles Co., Ltd.	Fellow subsidiary
Jiaxing Zhongji Wood Industry Co., Ltd.	Fellow subsidiary
Ruiji Logistics (Wuhu) Co., Ltd.	Fellow subsidiary
Ningbo West Mark Trading Co., Ltd.	Fellow subsidiary
CIMC Finance Company Ltd.	Fellow subsidiary
Shenzhen Southern CIMC Containers Services Co., Ltd.	Fellow subsidiary
China International Marine Containers (Hong Kong) Co., Ltd.	Fellow subsidiary
Pteris Global USA Ltd.	Fellow subsidiary
CIMC Ziegler (Germany)	Fellow subsidiary
Tianjin CIMC Logistics Equipments Co., Ltd.	Fellow subsidiary
XinJiang CIMC Special Vehicles Co., Ltd.	Fellow subsidiary
Shenzhen CIMC Special Vehicles Co., Ltd.	Fellow subsidiary
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd.	Fellow subsidiary
Dalian CIMC Logistics Equipment Co., Ltd.	Fellow subsidiary
Invengo Information Technology Co., Ltd.	Fellow subsidiary

Name of entities	Relationship with the TianDa Group
CIMC Tianda Holding (Shenzhen) Co., Ltd.	Fellow subsidiary
CIMC Modular Building Systems Holding Co. Ltd.	Fellow subsidiary
Tender Holdings Limited	Fellow subsidiary
CIMC Intermodal Development Co., Ltd	Fellow subsidiary
Beijing Bowei Airport Support Co., Ltd.	A minority shareholder of a subsidiary
Shenzhen TGM Ltd.	A minority shareholder of the immediate holding company
China Merchants Shekou Industrial Zone Co., Ltd.	Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company
China Fire Safety Enterprise Group Limited	An associate of ultimate holding company
China International Marine Containers (Group) Co., Ltd.	Ultimate holding company

(b) Transactions with related parties

	Year Ended December 31,			Nine months Ended	
	2014	2015	2016	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
(i) Sales of goods and/or services to					
– Fellow subsidiaries	19,455	43,395	23,919	5,771	11,534
– Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company	–	–	18,114	–	–
	<u>19,455</u>	<u>43,395</u>	<u>42,033</u>	<u>5,771</u>	<u>11,534</u>
(ii) Purchase of goods and/or services					
– Ultimate holding company	–	–	545	–	–
– Fellow subsidiaries	10,758	92,269	31,192	15,585	12,910
	<u>10,758</u>	<u>92,269</u>	<u>31,737</u>	<u>15,585</u>	<u>12,910</u>
(iii) Interest expense					
– Ultimate holding company	1,567	2,399	2,721	2,205	1,548
– Fellow subsidiaries	3,436	5,993	2,274	2,126	768
	<u>5,003</u>	<u>8,392</u>	<u>4,995</u>	<u>4,331</u>	<u>2,316</u>
(iv) Lease expense					
– Fellow subsidiaries	5,348	529	4	–	1
– Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company	1,583	1,696	1,696	1,272	1,211
	<u>6,931</u>	<u>2,225</u>	<u>1,700</u>	<u>1,272</u>	<u>1,212</u>

	Year Ended December 31,			Nine months Ended September 30,	
	2014 RMB'000	2015 RMB'000	2016 RMB'000	2016 RMB'000 (unaudited)	2017 RMB'000
(v) Interest income					
– Fellow subsidiaries	<u>1,142</u>	<u>858</u>	<u>728</u>	<u>635</u>	<u>480</u>
(vi) Key management compensation					
– Salaries, wages and bonuses	<u>2,125</u>	<u>3,886</u>	<u>4,014</u>	<u>3,468</u>	<u>2,583</u>
– Pension, housing fund, medical insurance and other social	<u>68</u>	<u>269</u>	<u>282</u>	<u>212</u>	<u>439</u>
	<u>2,193</u>	<u>4,155</u>	<u>4,296</u>	<u>3,680</u>	<u>3,022</u>
(vii) Related party loan					
– Borrowing					
– Ultimate holding company	<u>110,000</u>	<u>45,500</u>	<u>65,500</u>	<u>65,500</u>	<u>–</u>
– Fellow subsidiaries	<u>140,000</u>	<u>285,181</u>	<u>130,000</u>	<u>130,000</u>	<u>65,000</u>
	<u>250,000</u>	<u>330,681</u>	<u>195,500</u>	<u>195,500</u>	<u>65,000</u>
– Repayment					
– Ultimate holding company	<u>(112,000)</u>	<u>–</u>	<u>(65,500)</u>	<u>(65,500)</u>	<u>–</u>
– Fellow subsidiaries	<u>(128,353)</u>	<u>(298,476)</u>	<u>(200,935)</u>	<u>(186,337)</u>	<u>(35,000)</u>
	<u>(240,353)</u>	<u>(298,476)</u>	<u>(266,435)</u>	<u>(251,837)</u>	<u>(35,000)</u>
– Loan to related parties					
– Fellow subsidiaries	<u>–</u>	<u>–</u>	<u>(10,000)</u>	<u>(10,000)</u>	<u>–</u>
(viii) Salary expense recharged to related parties					
– A fellow subsidiary	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,169</u>

Outstanding balances at each statement of financial position date, arising from sale/purchase of goods and services, and terms are disclosed in Notes 22 and 27 respectively.

The related party transactions as set out under (i) to (viii) above were carried out on terms mutually agreed between the parties. In the opinion of the directors of TianDa, these transactions are in the ordinary course of business of the TianDa Group and in accordance with the term of the underlying agreements.

(c) Balances with related parties:

Amounts due from related parties:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
(i) Trade and other receivables:				
– Fellow subsidiaries	10,543	28,474	30,861	44,366
– Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company	–	–	4,180	4,627
– An associate of ultimate holding company	–	–	378	–
	<u>10,543</u>	<u>28,474</u>	<u>35,419</u>	<u>48,993</u>

Amounts due to related parties:

	As at December 31,			As at
	2014	2015	2016	September 30,
	RMB'000	RMB'000	RMB'000	2017
				RMB'000
(i) Trade and other payables:				
– Ultimate holding company	20,316	65,692	66,238	65,722
– Fellow subsidiaries	5,296	55,737	12,275	4,976
– Related company under the common control of the same party with a shareholder with significant influence in the ultimate holding company	–	–	–	518
	<u>25,612</u>	<u>121,429</u>	<u>78,513</u>	<u>71,216</u>

34 CONTINGENT LIABILITIES

During the Relevant Periods, there were no significant contingent liabilities assumed by the TianDa Group.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by TianDa or any of its subsidiaries in respect of any period subsequent to 30 September 2017 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by TianDa or any of its subsidiaries in respect of any period subsequent to 30 September 2017.