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

SUMMARY OF INTERIM REPORT 2007

§1. Important Notice

1.1 The Board of Directors, the Supervisory Committee and directors, supervisors as well as senior managements of China International Marine Containers (Group) Co., Ltd. (hereinafter referred to as the Company) individually and collectively accepts responsibility for the correctness, accuracy and completeness of the contents of this report and confirm that there are neither material omissions nor errors which would render any statement misleading.
The summary of interim report 2007 is abstracted from full text of the interim report, which is published on the Internet website http://www.cninfo.com.cn in the mean time. The investors are suggested to read the full text of interim report 2007 to understand more details.

1.2 No director, supervisor or senior management stated that he (she) could not ensure the correctness, accuracy and completeness of the contents of the Interim Report or have objection for this report.
1.3 All the directors attended this meeting.
1.4 The interim financial report of the Company has not been audited.
1.5 Mr. Fu Yuning, Chairman of the Board of the Company, Mr. Mai Boliang, President of the Company, and Mr. Jin Jianlong, General Manager of Financial Management Dept. hereby confirm that the Financial Report enclosed in the Interim Report is true and complete.

§2. Company Profile

2.1 Basic information

Short form of the stock	CIMC, CIMC-B	
Stock code	000039,200039	
Listed stock exchange	Shenzhen Stock Exchange	
	Secretary of the Board	Securities Affairs Representative
Name	Yu Yuqun	Wang Xinjiu
Contact address	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C	R&D Center of CIMC, No. 2 Gangwan Avenue, Shekou Industrial Zone, Shenzhen, Guangdong Province, P.R.C
Telephone	(86) 755-2669 1130	(86) 755-2680 2706

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E-mail	shareholder@cimc.com	shareholder@cimc.com

2.2 Major financial data and indexes

2.2.1 Major accounting data and financial indexes

Unit: *RMB yuan*

	Ended this report term	**Ended previous year**	**Increase/decrease (%)**
Current Assets	**20,787,640**	14,469,040	43.67%
Current Liabilities	**15,314,113**	9,273,887	65.13%
Gross Assets	**36,101,753**	23,742,927	52.05%
Total equity attributable to equity shareholders of the Company	**13,614,660**	12,303,815	10.65%
Net asset per share (RMB *yuan*)	**5.11**	6.10	-16.17%
	Report term (Jan-Jun)	**Same period last year**	**Increase/decrease (%)**
Net profit	**1,355,039**	1,445,226	-6.24%
Basic earnings per share (RMB *yuan*)*	**0.5**	0.5	0.00%
Return on equity (ROE)	**9.95%**	11.75%	-15.27%
Net cash generated from operating activities	**-1,742,256**	277,049	-728.86%

2.3.2 Reconciliation of the Group's profit and total equity attributable to equity shareholders of the Company prepared under International Financial Reporting Standards ("IFRSs") and the PRC Accounting Rules and Regulations

√ Applicable ☐Inapplicable

	Profit attributable to equity shareholders of the Company for the period ended 30 June2007 ***RMB'000***	*Total equity attributable to equity shareholders of theCompany at 30 June2007* ***RMB'000***
Prepared under the PRC Accounting Rules and regulations	1,323,067	13,540,460
Adjustments to align with IFRSs:		
(i) Adjustment to minority interests	142	(10,873)
(ii) Adjustment to government grant, net of related costs	(3,159)	56,422
(iii) Others	68	28,651
Prepared under IFRSs	1,320,118	13,614,660
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§3. Changes in Share Capital and Particulars about Shares held by Main Shareholders

3.1 Statement of change in shares

√ Applicable □Inapplicable

Unit: share

Item	Before the change		Increase/decrease of change (+/－)				After the change	
	Amount	Proportion (%)	Issuing of new shares	Bonus shares	Capitalization of common reserves(*)	Sub-total	Amount	Proportion （%）
I. Total of shares subject to moratorium	360,830,289	16.26	0	0	72,166,058	72,166,058	432,996,347	16.26
1. Shares held by the state	0	0	0	0	0	0		0
2. Shares held by the state-owned legal persons	0	0	0	0	0	0		0
3. Other domestic shares	0	0	0	0	0	0		0
Including: shares held by senior managements	687,086	0.03	0	0	137,417	137,417	824,503	0.03
4. Foreign shares	360,143,203	16.23	0	0	72,028,641	72,028,641	432,171,844	16.23
Including: shares held by overseas legal person	360,143,203	16.23	0	0	72,028,641	72,028,641	432,171,844	16.23
II. Total of shares not subject to moratorium	1,857,833,087	83.74	0	0	371,566,617	371,566,617	2,230,224,207	83.74
1. RMB ordinary shares (A share)	665,765,996	30.01	0	0	133,153,199	133,153,199	798,919,195	30.01
2. Foreign shares listed at home (B share)	1,192,067,091	53.73	0	0	238,413,418	238,413,418	1,430,480,509	53.73
3. Foreign shares listed overseas	0	0	0	0	0	0		0
4. Others	0	0	0	0	0	0		0
III. Total shares	2,218,663,376	100.00	0	0	443,732,675	443,732,675	2,662,396,051	100.00

3.2 Particulars about shares held by the top ten shareholders and the top ten shareholders not subject to moratorium

Unit: share

Total of shareholders	Ended June 30th 2007, there were 120,498 shareholders in total, including 96,701 A-share holders, and 23,797 B-share holders.				
Particulars about shares held by the top ten shareholders					
Name of shareholder	Nature of shareholder	Proportion (%)	Total number of share held	Number of holding shares subject to moratorium	Number of shares pledged or frozen
1. COSCO Container Industries Limited	Foreign	16.23	432,171,843	432,171,843	0
2. China Merchants International (CMIC) Investment Ltd.	Foreign	16.23	432,171,844	0	0
3. China Merchants International (CMIC) Holdings Ltd.	Foreign	6.52	173,643,136	0	0
4. HTHK-TARGET ASIA FUND LIMITED	Foreign	1.50	39,805,072	0	Unknown
5. BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	Foreign	1.23	32,696,046	0	Unknown
6. LONG HONOUR INVESTMENTS LIMITED	Foreign	0.95	25,322,106	0	0
7. Construction Bank of China－Hua An Hongli Equity Fund	Domestic	0.84	22,299,939	0	Unknown
8. China Industrial & Commercial Bank – Southern Security Value-adding Foundation	Domestic	0.81	21,487,347	0	Unknown
9. CITIC Industrial Bank－Jian Xin Hengjiu Value Security Investment Fund	Domestic	0.81	21,458,947	0	Unknown
10. CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	Foreign	0.76	20,182,411	0	Unknown
Particulars about shares held by the top ten shareholders not subject to moratorium					
Name of shareholders	Number of holding shares not subject to moratorium	Type			
Construction Bank of China－Hua An Hongli Equity Fund	22,299,939	A			

China Industrial & Commercial Bank – Southern Security Value-adding Foundation	21,487,347	A
CITIC Industrial Bank—Jian Xin Hengjiu Value Security Investment Fund	21,458,947	A
China Industrial & Commercial Bank – E Fund Value Growth Mixed Type Security Investment Fund	18,613,556	A
Communication Bank – An Shun Securities Investment Fund	18,180,000	A
China Industrial & Commercial Bank –Southern Stable Growth #2 Fund.	15,025,000	A
China Industrial & Commercial Bank –Kai Yuan Security Investment Fund	14,000,000	A
China Industrial & Commercial Bank –Hua An Mid-cap& Small-cap Growth Security Investment Fund	13,650,000	A
China Industrial & Commercial Bank –Kai Yuan Security Investment Fund	12,749,235	A
National Social Insurance Fund 101 Listed	12,072,019	A
Explanation on associated relationship among the top ten shareholders or acting-in-concert	*Note: Among the top ten shareholders, Hua An Hongli Equity Fund, An Shun Securities Investment Fund and Hua An Mid-cap and Small-cap Growth Security Investment Fund are foundation under Hua An Fund Management Co., Ltd; Southern Security Value-adding Foundation, Southern Stable Growth #2 Fund, Kai Yuan Security Investment Fund and Kai Yuan Security Investment Fund are foundation under Southern Fund Management Co., Ltd.*	

Shareholding of the top ten ***B*** shareholders

Name of shareholder	Number of shares not subject to moratorium
China Merchants (CMIC) Investment Ltd.	432,171,844
China Merchants (CMIC) Holdings Co., Ltd.	173,643,136

HTHK-TARGET ASIA FUND LIMITED	39,805,072
BBH BOS S/A FIDELITY FD - CHINA FOCUS FD	32,696,046
LONG HONOUR INVESTMENTS LIMITED	25,322,106
CMBLSA RE FTIF TEMPLETON ASIAN GRW FD GTI 5496	20,182,411
DRAGON BILLION GREATER CHINA MASTER FUND	18,964,412
BB/BARING HONG KONG FUND	17,999,986
TOYO SECURITIES ASIA LIMITED-A/C CLIENT.	15,006,521
GAO-LING FUND,L.P.	14,880,312

Note: The 1st and 2nd shareholder are regarded as related and act-in-concert parties. Both of China Merchants (CMIC) Investment Ltd. and China Merchants (CMIC) Holdings Co., Ltd. are whole subsidiaries of China Merchants International Co., Ltd. Neither of the two shareholders is acting-in-concert with any other shareholders in the list as described by Administrative Rules on Information Disclosure about Changing of Shareholding Status.

It is unknown whether there is any relationship among other shareholders, or whether there is any action-in-concert among them as described by Administrative Rules on Information Disclosure about Changing of Shareholding Status.

In the report term, as the 2 largest shareholders of the Company, China Merchants (CMIC) Investment Ltd. and COSCO Container Industries Limited were not changed.

3.3 Particulars about change in controlling shareholder and actual controller of the Company

☐Applicable √ Inapplicable

§4. Particulars about Directors, Supervisors and Senior Managements

4.1 Particulars about changes in shares held by directors, supervisors and senior managements

√ Applicable ☐Inapplicable

Name	Office title	Shares held before	Shares held after the	Reason for change

		the change	change	
Mai Boliang	President	412,251	494,701	Implementing capitalizing of common reserves and 2 shares were added upon each 10 shares
Li Ruiting	Vice President	274,835	329,802	Implementing capitalizing of common reserves and 2 shares were added upon each 10 shares
Total		687,086	824,503	

The aforesaid personnel held share options and authorized shares amount with restrictions.

☐ Applicable √ Inapplicable

§5. Report of the Board of Directs

1. Operating results and analysis of financial data

At the first half of year, the Company realized revenue for RMB 22,946,115,000 up by 57.39% over the same period in last year; net profit for RMB 1,355,039,000, down by 6.24% over the same period in last year. The throughput of containers and road transport vehicles were totaled up to 1,021,000 million TEU and 61,600, up by 32.30% and 48.24% respectively over the same period last year.

Unit: *RMB'000*

Items	Current term	Same period of last term	Ratio of change (%)
Revenue	22,946,115	14,578,921	57.39%
Gross profit	2,382,697	1,998,935	19.20%
Net profit	1,355,039	1,445,226	-6.24%
Net cash generated from operating activities	-1,742,256	277,049	-728.86%
Net increase in cash and cash equivalents	1,082,354	3,762,776	-71.24%

Owing to boomed demand of containers and road transport vehicles, operating income of the Company achieved large increase. However, the operating profit failed to increase appropriately, mainly because the industry competition intensified which led to decrease of gross profit level of main products. Non-recurring gains and losses at the first half of 2007 was another factor.

As the containers and vehicles entered busy season at the first half of year, production scales was expanded and accounts receivables mounted up; net cash generated from operating activities at the first half of 2007 fell down because the Company prepared material for production of next half year which led to great increase of inventories and fund occupation.

The ratio of debts to assets at the first half of year was 55.29% and the debt/ equity ratio was 1.35 which showed that the Company was at a healthy level in liabilities structure.

2. Discussion and analysis of significant events

(1). Changes and influences of macro-economy and industry status

Steady development of global economics and trade and rapid growth of China's foreign trade export at the first half of year supplied well developing environment for shipping industry. Throughput of cargo in domestic major ports increased by 15.5% and throughput of containers in major ports reached 52,530,000 TEU at the first half of year, up by 24.1% over the same period of last year and kept the rapid development in recent years. The increase of demand for containers were intensified in the year of 2007 and the sales of containers of the Company increased by 32.30% over the same period of last year.

(2). Influences of changes in policies and regulations on domestic road transport market

The relevant encouraging policies and regulations promulgated by the country in recent years standardized transport market deeds and promoted its healthy development and further accelerated the rapid growth in demand of heavy-duty trucks and road transport vehicles. During March 2006, the country published "The instructional opinion on implementing of weight-based toll system" which carried weight-base toll into execution and increased the cost on overloading so that the light trend in vehicle demand became more distinct. On May, 2007, Ministry of Transportation published Opinion on Further Enhance Energy-saving and Release-controlling in Traffic Industry, which put forward that "encourage developing energy-saving and environment-protected new type of transport, accelerate eliminating old type which were high in energy consumption, over-standard in release; encourage using diesel vehicle, heavy vehicle, special purpose vehicle and van". Besides, the implementation of Euro III Emission Standard in national scope brought forward purchase of tractors and increase of demand in semi-trailers.
In July of 2007, State Development and Reform Commission published Notice on Matters concerning Improvement of Structure Adjustment in Transport Type Special Purpose Vehicle which would facilitate structure adjustment in transport type special purpose vehicle, accelerate technical progress in vehicle products and prevent sightless investment in specialized vehicle industry.
On Jun. 18, 2007, Ministry of Finance and the State Administration of Taxation published Notice on Lowering the Export Rebate Rates for Some Commodities, in which regulated that export rebate rate of oilcan, container trailer and semi-trailer decline from 17% to 9% and bring into effect on July 1, 2007. The decline of export rebate rate would influence payoff of exported semi-trailer in certain degree. The proportion of exported vehicle from the Company would be lowered down. The purchase proportion of raw material and fittings of major products variety take up around 50% so that the influence is relatively limited.

5.1 Statement of particulars about main business according to industries and products

Unit: *RMB'000*

Particulars about main business according to industries						
According to industries or according to products	Business income	Business cost	Gross ratio (%)	Increase/decrease of business income compared with the same period of last year (%)	Increase/decrease of business cost compared with the same period of last year (%)	Increase/decrease of gross ratio compared with the same period of last year (%)
Containers	18,326,648	16,312,670	10.99	60.81	61.62	-0.44
Road transportation vehicles	5,029,230	4,438,644	11.74	59.27	66.49	-3.83

Among which, during the report period, listed company provided controlling shareholders and its subsidiary company for related transaction amount of selling products and proving labor service amounted to 0 RMB.

5.2 Main operations classified according to regions

Unit: *RMB'000*

Areas	Business income	Increase/decrease of business income compared with last year (%)
USA	5,285,928	27.36
EUROPE	8,517,267	89.15
ASIA	9,036,549	54.87
OTHER	106,371	17.36
TOTAL	22,946,115	57.39

5.3 Reasons of significant changes in main operations and its structure

□Applicable √Inapplicable

5.4 Reasons of significant changes in profitability capability of main operations (gross profit ratio) than that in the last year

□Applicable √Inapplicable

5.5 Analysis to reasons of significant changes in profit structure compared with the previous year

□Applicable √Inapplicable

5.6 Utilization of the raised proceeds

5.5.1 Utilization of the raised proceeds

√Applicable □Inapplicable

Unit: RMB'0000

Total of proceeds	177,090.00		Total of fund raised and utilized		1,447.20	
			Accumulated fund used		166,053.90	
Committed projects	Planned investment	Changed or not	Practical investment	Income generated	Schedule fulfilled or not	Profit prediction fulfilled or not
Reconstruction of dry-cargo container factory	32,906.00	No	32,906.00	---	Yes	Yes
Production expanding of regional special containers and special containers	41,350.00	No	32,856.60	---	Yes	Yes
Reforming of refrigerating container production lines	22,106.00	No	21,509.10	---	Yes	Yes
Tank container	14,539.00	No	14,539.00	---	Yes	Yes

Compartment Semi-trailer	23,156.00	No	23,156.00	---	Yes	Yes
Container chassis	19,021.00	No	19,021.00	---	Yes	Yes
Overseas OEM compartment semi-trailer	24,012.00	No	22,066.20	---	Yes	Yes
Total	177,090.00	-		-	-	-
Explanation on failed to achieve the plan process and profit (according to concrete items)	None					
Explanation on changing reason and changing procedure (according to concrete items)	None					
Usage of non-used raised fund	None					

5.6.2 Change of projects
□Applicable √Inapplicable

5.7 Revised business plan of the Board for the second half of 2007
□Applicable √Inapplicable

5.8 Estimation on accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its significant change compared with the corresponding period of the last year and explanation on reason
□Applicable √Inapplicable

5.9 Explanation of the Management Team on "Qualified Opinion" from the Certified Public Accountants in the report period
□Applicable √Inapplicable

5.10 Explanation of the Management Team on changes and solutions of the issues involved in "Qualified Opinion" from the Certified Public Accountants in the last year
□Applicable √Inapplicable

§6. Important Events

6.1 Purchase, sales and reorganization of assets

6.1.1 Purchase of assets

√Applicable □Inapplicable

Unit: RMB’000

Transaction parties or final controller	Asset to be purchased or asset of procurement	Purchase date	Transaction price	Contributing net profit from purchase date to period-end (applicable for enterprise consolidation under different control)	Contributing net profit from purchase date to period-end (applicable for enterprise consolidation under the same control)	Related transaction or not (give a explanation on pricing principle to related transaction)	Explanation on pricing principle	Property right of asset was transferred or not	Credit or creditor's right was transferred or not
Peter van der Burg	80% equity of Burg Industries B.V.	2007-6-26	1,209,500	0	0	Not	price is mainly decided by the value of its net assets value, profitability and the great growth potential of both market and future profitability	Yes	Not
Xinao Group International Investment Limited	42.18% equity of Enric Energy Equipment Holdings Limited	2007-7-30	1,100,900	0	0	Not	Equivalent to a premium of approximately 414.78% to net assets per share of approximately HKD 1.15 as at Dec. 31, 2006	Not	Not

6.1.2 Sales of assets

□Applicable √Inapplicable

6.1.3 Progress of these events after the publication of the Assets Reorganization Report or public notices on the purchases or sales of assets, as well as the influences of these events on the operation results and financial status of the Company in the report period

√Applicable □Inapplicable

As of June 30, 2007, the Company was not actually control Burg Industries B.V., so Burg Industries B.V. was not listed into consolidated scope in accounting statement.

6.2 Important guarantee events

√Applicable □Inapplicable

Unit: RMB'000

Particulars about the external guarantee of the Company (Excluding the guarantee for the controlling subsidiaries)						
Name of the Company guaranteed	Date of happening (date of signing agreement)	Amount of guarantee	Guarantee type	Guarantee term (year)	Complete Implementation or not	Guarantee for related party (yes or not)
Client (Company)	2007-1-1	84,493	Mortaged	2-3	Not	Not
Client (Individual)	2007-1-1	10,443	Mortaged	2-3	Not	Not
Total of guarantee occurred in the report term				127,265.4		
Total of balance in the report term (A)				94,936		
Guarantee of the Company for the controlling subsidiaries						
Total of guarantee provided to the controlled subsidiaries in the report term				1,640,080		
Total of balance of guarantee provided to the controlled subsidiaries in the report term (B)				903,703.2		
Particulars about total amount of guarantee of the Company (Including the guarantee for the controlling subsidiaries)						
Total amount of guarantee（A+B）				998,639.2		
The proportion of the total amount of guarantee in the net assets of the Company				7.36%		
Among which:						
Amount of guarantee provided for the shareholder, actual controller and other related parties（C）				0		
The debts guarantee amount provided for the guarantee of which the assets-liability ratio exceeded 70%（D）				0		
Proportion of total amount of guarantee in net assets of the Company exceeded 50%（E）				0		

Total amount of the above three guarantees* （C+D+E）	0

6.3 Related credits and liabilities current

√Applicable □Inapplicable

Unit: RMB’0000

Related parties	Providing related parties of funds		Related parties provided listed companies of funds	
	Amount	Balance	Amount	Balance
Shenzhen CIMC Tianyu Real State Development Co., Ltd.	2173.48	6273.2		
Hongkong Xinyang Timber Co., Ltd.	-14.39	474.8		
Total	2159.08	6748		

Among which, in the report period, listed company provided controlling shareholder and its subsidiaries of funds amounted to RMB 0 , and the balance was RMB 0 .

6.4 Significant lawsuits and arbitrations

√Applicable □Inapplicable

In Feb. 2007, Ruihua Investment Holding Limited (hereinafter referred to as “Ruihua”) litigated for Higher People’s Court of Jiangsu Province, which involved 100% equity of subsidiaries of the Company — Yangzhou Runyang Logistics Equipment Co., Ltd., Shenzhen Southern CIMC Container Service Co., Ltd. and CIMC Holdings (B.V.I) Limited. In the lawsuit paper of Ruihua: In the process of pledging loan, leasing operation, equity transfer and breakdown of Yangzhou Tongyun Container Co., Ltd. (hereinafter referred to as Tongyun) and Yangzhou Tonglee Reefer Container Co., Ltd. (hereinafter referred to as “Tonglee”), the aforesaid companies were tortious and brought losses to Ruihua, so Ruihua asked for RMB 310 million as compensation.

Relevant content please consult to Public Notice on Significant Events of CIMC, which published in China Securities Journal, Shanghai Securities News, Securities Times and Hong Kong Ta Kung Pao (No. of Public Notice: [CIMC] 2007-001) dated Feb. 8, 2007.

As of June 30, 2007, this lawsuit was failed to be trail.

6.5 Other important events as well as analyses and explanations on their influences and solutions

√Applicable □Inapplicable

6.5.1 Securities investment

√Applicable □Inapplicable

Unit: RMB

Type of	Securitie	Short form of	Initial investment	Holding number	Book value in	Proportion of	Gains/losses in the

securities	s code	securities	amount (Yuan)		period-end	total securities in period-end （%）	report period
A share	600036	China Merchant Bank	388,952,068.93	19,800,123.00	486,687,023.34	74.63%	97,734,954.41
H share	2318	PING AN	34,821,444.01	800,000.00	43,050,560.27	6.60%	188,717.90
H share	3968	Merchant Bank H	1,155,394.62	1,500,000.00	34,771,606.38	5.33%	8,229,116.26
B share	200539	Yue Power B	15,722,294.25	3,099,700.00	34,197,036.96	5.24%	33,616,211.76
B share	200550	Jiangling B	23,142,960.66	3,337,461.00	21,737,455.12	3.33%	7,182,705.42
B share	200625	Changan B	14,998,492.53	1,915,428.00	17,126,359.32	2.63%	-1,405,505.55
B share	200488	Chenming B	6,039,869.32	2,002,303.00	13,222,574.74	2.03%	18,474,742.71
H share	0728	China Telecom	1,155,394.62	300,000.00	1,344,112.52	0.21%	2,127,866.78
Other securities investments held in period-end				-		-	
Securities investment gain/loss sold out in the period			-	-	-	-	164,508,244.28
Total				-		100%	289,070,795.61

6.5.2 Particulars about holding equity of other listed companies

√Applicable □Inapplicable

Unit: RMB

Code of securities	Short form of securities	Initial investment amount	Proportion of companies' equity	Book value at period-end	Gians/losses in the report period	Change of owner's equity in the report period
600036	Merchants Bank	239,973,065.02	0.93	2,500,883,864.65		1,299,735,821.31
601872	Merchants Shipping	185,500,000.00	1.46	391,500,000.00		122,734,747.84
601328	Bank of Communications	276,500,000.00	0.07	292,810,000.00		20,455,603.32
Total		701,973,065.02	—	3,185,193,864.65		1,442,926,172.47

6.5.3 Particulars about equity of non-listed financial enterprise and pre-list company.

√Applicable □Inapplicable

Unit: RMB

Name of holding object	Initial investment amount	Holding amount (share)	Taking proportion of companies	Book value at period-end	Gains/ losses in the report period	Change of owner's equity in the report period
China Merchants Securities Co., Ltd.	53,354,420.26	32,291,152.00	1.00	53,354,420.26		
Beihai Yinjian	1,967,519.36	2,000,000.00	1.01	0		

Investment Co., Ltd.						
Guangdong Sanxing Enterprise Group Co., Ltd.	1,574,015.53	1,100,000.00	0.09	0		
Total	56,895,955.15	35,291,152.00	-	53,354,420.26		

6.6 In the report period, investigation, communication and interview of the Company

Reception time	Reception place	Reception way	Reception object	Discussion content and materials provide by the Company
Jan. 5, 2007	Meeting room of the Company	Field research	Morgan Stanley Dean Witter Asia Ltd.	Discussion contents were including operation development, industry trend, market selling, production management, financial management, products development, project investment, development stratagem, prospect forecasting, corporate governance, also, the Company provided annual report, company profile and relevant information.
Jan. 9, 2007	Meeting room of the Company / factory in Shenzhen	Ditto	Shenyin Wanguo Securities Research Institute	Ditto
Jan. 10, 2007	Meeting room of the Company	Ditto	Emerging Markets Management	Ditto
Feb. 13, 2007	Ditto	Ditto	Morgan Stanley Dean Witter Asia Ltd.	Ditto
Jan. 15, 2007	Ditto	Ditto	Merrill Lynch	Ditto
Jan. 15, 2007	Ditto	Ditto	Everbright Securities	Ditto
Jan. 19, 2007	Ditto	Ditto	Asia Pacific	Ditto
Jan. 21, 2007	Ditto	Ditto	Desheng Asset Management	Ditto
Jan. 24, 2007	Ditto	Ditto	PRAETORIAN RESOURCES INCORPORATED	Ditto
Feb. 12, 2007	Ditto	Ditto	Ping An Securities Research Institute	Ditto
Mar. 2, 2007	Ditto	Ditto	Tai Fook Asset Management	Ditto
Mar. 5, 2007	Ditto	Ditto	Impala Asset Management	Ditto
Mar. 8, 2007	Ditto	Ditto	Hindsight Asset Management	Ditto

Mar. 9, 2007	Ditto	Ditto	Clients of China International Capital Corporation Limited	Ditto
Mar. 12, 2007	Ditto	Ditto	Fortune SGAM Fund	Ditto
Mar. 12, 2007	Ditto	Ditto	Client of CLSA	Ditto
Mar. 20, 2007	Ditto	Ditto	Fidelity Fund	Ditto
Mar. 27, 2007	Ditto	Ditto	Fullgoal Fund	Ditto
Apr. 4, 2007	Ditto	Ditto	Columbia Management Group	Ditto
Apr. 5, 2007	Ditto	Ditto	Merrill Lynch Shanghai Representative Office	Ditto
Apr. 5, 2007	Ditto	Ditto	Hillhouse Capital — the Yale Endowment China Investment Institute	Ditto
Apr. 13, 2007	Ditto	Ditto	United Securities; Harvest Fund; ABN AMRO TEDA Fund Co. Ltd	Ditto
Apr. 13, 2007	Ditto	Ditto	J.P. Morgan Securities (Asia Pacific) Shanghai Representative Office	Ditto
Apr. 17, 2007	Ditto	Ditto	Boyer Allan Investment	Ditto
Apr. 19, 2007	Meeting room of the Company / factory in Shenzhen	Ditto	Orient Securities	Ditto
Apr. 26, 2007	Meeting room of the Company	Ditto	Hua'an Fund	Ditto
May 8, 2007	Ditto	Ditto	Clients of UBS	Ditto
May 11, 2007	Ditto	Ditto	HSBC Asset Management Limited	Ditto
May 30, 2007	Ditto	Ditto	Momura Securities Co., Ltd.	Ditto
June 1, 2007	Ditto	Ditto	Shanghai Ruixin Asset Management Co., Ltd.	Ditto
June 7, 2007	Ditto	Ditto	Japan Natio Securities and its Japanese clients	Ditto
June 8, 2007	Ditto	Ditto	Clients of Morgan Stanley	Ditto
June 11, 2007	factory in Shenzhen	Ditto	Rongtong Fund; overseas clients of Nikko Asset Management Co., Ltd.	Ditto
June 12, 2007	Meeting room of the Company	Ditto	Sino-life Insurance Asset Management Co., Ltd. China Jianyin Investment	Ditto

			Securities Co., Ltd.	
June 15, 2007	Meeting room of the Company	Ditto	Clients of Morgan Stanley	Ditto
June 20, 2007	Meeting room of the Company / factory in Shenzhen	Ditto	Guotai Junan Securities Research Institute	Ditto
June 29, 2007	Meeting room of the Company	Ditto	Shanghai TX Investment Consulting Co.; Orient Fund Management Co. Ltd; China Asset Management Co., Ltd.	Ditto

§7. Financial Report

7.1 Auditors' opinions (unaudited)

7.2 Financial statement

Consolidated balance sheet at 30 June 2007 (unaudited)
(Expressed in Renminbi)

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Non-current assets		
Property, plant and equipment	4,789,608	4,670,102
Lease prepayments - non-current portion	1,296,718	989,622
Construction in progress	572,785	342,949
Timber concession rights	61,066	65,694
Intangible assets	32,683	30,432
Goodwill	311,625	293,682
Interest in associates	517,075	491,592
Interest in jointly controlled entity	125,761	128,596
Finance lease receivable	53,340	58,464
Prepayment for investments	1,129,848	64,819
Deferred tax assets	128,192	114,780
Other financial assets	3,415,914	1,616,066
	12,434,615	8,866,798
Current assets		
Lease prepayments - current portion	49,881	43,665
Trading securities	652,137	215,634
Inventories	6,629,959	4,772,042
Trade and other receivables	12,373,309	7,420,827
Cash and cash equivalents	1,082,354	2,016,872
	20,787,640	14,469,040
Current liabilities		
Trade and other payables	11,824,031	7,727,739
Bank loans	2,815,022	859,225
Current taxation	87,596	121,594
Provisions	587,464	565,329
	15,314,113	9,273,887
Net current assets	5,473,527	5,195,153
Total assets less current liabilities	17,908,142	14,061,951
Non-current liabilities		
Bank loans	3,054,077	725,800
Deferred tax liabilities	376,679	165,536
	3,430,756	891,336
NET ASSETS	14,477,386	13,170,615

Consolidated balance sheet at 30 June 2007(unaudited)(continued)
(Expressed in Renminbi)

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
CAPITAL AND RESERVES		
Share capital	2,662,396	2,218,663
Reserves	10,952,264	10,085,152
Total equity attributable to equity holders of the Company	13,614,660	12,303,815
Minority interests	862,726	866,800
TOTAL EQUITY	14,477,386	13,170,615

Consolidated income statement
for the six months ended 30 June 2007 (unaudited)
(Expressed in Renminbi)

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Revenue	22,946,115	14,578,921
Cost of sales	(20,563,418)	(12,579,986)
Gross profit	2,382,697	1,998,935
Other income	265,006	305,080
Distribution costs	(564,263)	(407,544)
Administrative expenses	(794,503)	(397,569)
Other operating expenses	(68,491)	(93,184)
Profit from operations	1,220,446	1,405,718
Finance income and expense	183,265	126,254
Share of profits less losses of associates	40,169	8,272
Share of loss of jointly controlled entity	(1,519)	-
Profit before taxation	1,442,361	1,540,244
Income tax	(87,322)	(95,018)
Profit for the period	1,355,039	1,445,226
Attributable to:		
Equity holders of the Company	1,320,118	1,328,339
Minority interests	34,921	116,887
Profit for the period	1,355,039	1,445,226

Earnings per share (RMB Yuan)		
Basic	0.50	0.50
	===========	===========

Consolidated statement of changes in equity
for the six months ended 30 June 2007 (unaudited)
(Expressed in Renminbi)

	Attributable to equity holders of the Company										
	Share capital RMB'000 *(note 32)*	*Share premium* RMB'000 *(note 33(a))*	*Property revaluation reserve* RMB'000	*Fair value reserve* RMB'000 *(note 33(b))*	*Exchange reserve* RMB'000	*Surplus reserve* RMB'000 *(note 33(c))*	*Statutory public welfare fund* RMB'000 *(note 33(d))*	*Retained profits* RMB'000	*Total* RMB'000	*Minority interests* RMB'000	*Total equity* RMB'000
At 1 January 2006	2,016,967	858,077	13,950	-	(216,244)	3,990,942	490,308	2,459,787	9,613,787	897,185	10,510,972
Transfer from statutory public welfare Fund	-	-	-	-	-	490,308	(490,308)	-	-	-	-
Capitalisation of share premium	201,696	(201,696)	-	-	-	-	-	-	-	-	-
Dividends approved in respect of the previous year (note 10(b))	-	-	-	-	-	(766,447)	-	-	(766,447)	-	(766,447)
Transfer from retained profits	-	-	-	-	-	70,737	-	(70,737)	-	-	-
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(64,053)	(64,053)
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	(339,882)	-	-	-	(339,882)	-	(339,882)
Available-for-sale securities:											
-changes in fair value, net of deferred tax	-	-	-	938,034	-	-	-	-	938,034	-	938,034
-reversal of impairment loss	-	-	-	24,035	-	-	-	-	24,035	-	24,035
Profit for the year	-	-	-	-	-	-	-	2,834,288	2,834,288	182,580	3,016,868
Acquisition of additional interests in existing subsidiaries	-	-	-	-	-	-	-	-	-	(227,151)	(227,151)
Capital injection	-	-	-	-	-	-	-	-	-	32,704	32,704
Acquisition of new subsidiaries	-	-	-	-	-	-	-	-	-	21,986	21,986
Disposal of partial interest in subsidiary	-	-	-	-	-	-	-	-	-	14,590	14,590
Repayment of advances to minority Interests	-	-	-	-	-	-	-	-	-	8,959	8,959
At 31 December 2006	2,218,663	656,381	13,950	962,069	(556,126)	3,785,540	-	5,223,338	12,303,815	866,800	13,170,615

Consolidated statement of changes in equity
for the six months ended 30 June 2007 (unaudited) (continued)
(Expressed in Renminbi)

	Attributable to equity holders of the Company										
	Share capital RMB'000 *(note 32)*	*Share premium* RMB'000 *(note 33(a))*	*Property revaluation reserve* RMB'000	*Fair value reserve* RMB'000 *(note 33(b))*	*Exchange reserve* RMB'000	*Surplus reserve* RMB'000 *(note 33(c))*	*Statutory public welfare fund* RMB'000 *(note 33(d))*	*Retained profits* RMB'000	*Total* RMB'000	*Minority interests* RMB'000	*Total equity* RMB'000
At 1 January 2007	2,218,663	656,381	13,950	962,069	(556,126)	3,785,540	-	5,223,338	12,303,815	866,800	13,170,615
Capitalisation of share premium	443,733	(443,733)	-	-	-	-	-	-	-	-	-
Dividends approved in respect of the previous year (note 10(b))	-	-	-	-	-	-	-	(954,025)	(954,025)	-	(954,025)
Dividends paid to minority interests	-	-	-	-	-	-	-	-	-	(2,734)	(2,734)
Exchange difference on translation of financial statements of foreign operations	-	-	-	-	(274,661)	-	-	-	(274,661)	-	(274,661)
Available-for-sale securities:											
-changes in fair value, net of deferred tax	-	-	-	1,227,767	-	-	-	-	1,227,767	-	1,227,767
- transfer to profit on disposal	-	-	-	(8,354)	-	-	-	-	(8,354)	-	(8,354)
Profit for the period	-	-	-	-	-	-	-	1,320,118	1,320,118	34,921	1,355,039
Acquisition of additional interests in existing subsidiaries	-	-	-	-	-	-	-	-	-	(192,838)	(192,838)
Capital injection	-	-	-	-	-	-	-	-	-	156,577	156,577
At 30 June 2007	2,662,396	212,648	13,950	2,181,482	(830,787)	3,785,540	-	5,589,431	13,614,660	862,726	14,477,386

Consolidated cash flow statement
for the six months ended 30 June 2007(unaudited)
(Expressed in Renminbi)

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Operating activities		
Profit before taxation	1,442,361	1,540,244
Adjustments for:		
Depreciation	183,295	160,755
Impairment loss of positive goodwill	-	55,938
Amortisation of other intangible assets	3,011	1,651
Amortisation of timber concession rights	2,722	2,866
Gains on recognition of negative goodwill	-	(120)
Net losses on sale of property, plant and equipment	270	1,615
Bank interest income	(17,733)	(31,839)
Finance costs	128,331	41,461
Net gains on disposal of partial interests in subsidiaries	-	(237)
Net realised and unrealised gains on trading securities	(289,071)	(149,317)
Gain on disposal of equity securities	(39,829)	-
Dividend income from investments in equity securities	(2,112)	(10,991)
Share of profits less losses of associates	(40,169)	(8,272)
Share of loss of jointly controlled entity	1,519	-
Operating profit before changes in working capital	1,372,595	1,603,754
Increase in lease prepayments	(342,004)	(42,667)
Decrease in long-term receivables	1,090	327
Increase in trade and other receivables	(5,026,733)	(2,769,249)
Increase in inventories	(1,978,282)	(1,910,202)
Increase in trade and other payables	4,328,697	3,498,879
Increase in provisions	34,119	27,358
Cash (used in) / generated from operations	(1,610,518)	408,200
Tax paid	(131,738)	(131,151)
Net cash (used in) / generated from operating activities	(1,742,256)	277,049

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Consolidated statement of cash flows
for the six months ended 30 June 2007 (unaudited)(continued)
(Expressed in Renminbi)

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Investing activities		
Interest received	17,733	35,189
Payment for the purchase of property, plant and equipment	(99,850)	(103,170)
Payment for the purchase of intangible assets	(5,745)	(1,447)
Payment for construction in progress	(545,557)	(233,372)
Payment for purchase of equity securities	(414,415)	(15,055)
Prepayment for investments	(1,008,185)	-
Payment for entrusted loan receivables	(144,206)	-
Payment for acquisition of minority shareholdings	(168,396)	(227,800)
Net cash acquired arising from acquisition of subsidiaries	-	127,936
Net (payment for) / proceeds from investments in trading securities	(158,862)	270,350
Dividend received from investments in equity securities	2,112	10,991
Dividend received from an associate	2,463	2,153
Dividend received from trading securities	-	2,026
Proceeds from sales of property, plant and equipment	6,957	28,818
Proceeds from disposal of equity securities	48,489	-
Proceeds from sale of partial interest in subsidiaries	-	12,945
Repayment of advances by minority interests	-	7,273
Net cash used in investing activities	(2,467,462)	(83,163)

Consolidated statement of cash flows
for the six months ended 30 June 2007 (unaudited) (continued)
(Expressed in Renminbi)

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Financing activities		
Interest paid	(96,968)	(40,438)
Other borrowing costs paid	(4,101)	-
Proceeds from new bank loans	12,304,849	4,237,867
Repayment of bank loans	(7,965,278)	(3,394,233)
Capital injection from minority interests	33,786	204
Dividends paid to equity shareholders of the Company	(954,025)	-
Dividends paid to minority interests	(2,734)	(29,983)
Net cash generated from financing activities	3,315,529	773,417
Net (decrease) / increase in cash and cash equivalents	(894,189)	967,303
Cash and cash equivalents at 1 January	2,016,872	2,828,223
Effect of foreign exchange rate changes	(40,329)	(32,750)
Cash and cash equivalents at 30 June	1,082,354	3,762,776

7.3 Notes to financial report

7.3.1 There are any changes in accounting policies, accounting estimates and accounting errors, and the relevant contents, reasons and the amount influenced.

7.3.2 Should there be any changes in consolidation scope of the financial statements, give the reasons and amount influenced.
√ Applicable ☐Inapplicable

7.3.3 List relevant notes of involved events, if qualified audit opinion was presented.