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

中國國際海運集裝箱 (集團) 股份有限公司

30 June 2007

Consolidated balance sheet at 30 June 2007 (unaudited)

(Expressed in Renminbi)

	Note	*At 30 June 2007* RMB'000	*At 31 December 2006* RMB'000 (audited)
Non-current assets			
Property, plant and equipment	13	4,789,608	4,670,102
Lease prepayments - non-current portion	14	1,296,718	989,622
Construction in progress	15	572,785	342,949
Timber concession rights	16	61,066	65,694
Intangible assets	17	32,683	30,432
Goodwill	18	311,625	293,682
Interest in associates	19	517,075	491,592
Interest in jointly controlled entity	20	125,761	128,596
Finance lease receivable	21	53,340	58,464
Prepayment for investments	22	1,129,848	64,819
Deferred tax assets	30(b)	128,192	114,780
Other financial assets	23	3,415,914	1,616,066
		12,434,615	8,866,798
Current assets			
Lease prepayments - current portion	14	49,881	43,665
Trading securities	24	652,137	215,634
Inventories	25	6,629,959	4,772,042
Trade and other receivables	26	12,373,309	7,420,827
Cash and cash equivalents	27	1,082,354	2,016,872
		20,787,640	14,469,040
Current liabilities			
Trade and other payables	28	11,824,031	7,727,739
Bank loans	29	2,815,022	859,225
Current taxation	30(a)	87,596	121,594
Provisions	31	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	29	3,054,077	725,800
Deferred tax liabilities	30(b)	376,679	165,536
		3,430,756	891,336
NET ASSETS		14,477,386	13,170,615

The notes on pages 9 to 71 form part of these consolidated financial statements.

Consolidated balance sheet at 30 June 2007(unaudited)(continued)

(Expressed in Renminbi)

	Note	*At 30 June 2007* RMB'000	*At 31 December 2006* RMB'000 (audited)
CAPITAL AND RESERVES			
Share capital	32	2,662,396	2,218,663
Reserves	33	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

The notes on pages 9 to 71 form part of these consolidated financial statements.

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

(Expressed in Renminbi)

	Note	*Six months ended 30 June* *2007* RMB'000	*2006* RMB'000
Revenue	5&12	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	6	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	7(a)	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	8(a)	(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	11	0.50	0.50

The notes on pages 9 to 71 form part of these consolidated financial statements.

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

The notes on pages 9 to 71 form part of these consolidated financial statements.

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
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The notes on pages 9 to 71 form part of these consolidated financial statements.

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

	Note	*Six months ended 30 June* *2007* RMB'000	*2006* 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

The notes on pages 9 to 71 form part of these consolidated financial statements.

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

(Expressed in Renminbi)

	Note	*Six months ended 30 June* *2007* RMB'000	*2006* 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)

The notes on pages 9 to 71 form part of these consolidated financial statements.

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

(Expressed in Renminbi)

	Note	*Six months ended 30 June* *2007* RMB'000	*2006* 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	28	1,082,354	3,762,776

The notes on pages 9 to 71 form part of these consolidated financial statements.

Notes to the consolidated financial statements

1 Background

China International Marine Containers (Group) Co., Ltd. (the "Company") is a joint stock company established in the People's Republic of China (the "PRC") with limited liability. The consolidated financial statements of the Company as at and for the six months ended 30 June 2007 comprise the Company, its subsidiaries (together referred to as the "Group"), and the Group's interest in associates and jointly controlled entity.

The Group is principally engaged in the design, manufacturing, marketing and maintenance of containers, trailers, and airport support equipment, property development, and timber logging and trading businesses.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and their interpretations issued by the International Accounting Standards Board ("IASB").

The Company also prepares a set of financial statements which complies with the PRC Accounting Rules and Regulations. A reconciliation of the Group's profit and total equity attributable to equity shareholders of the Company prepared under IFRSs and the PRC Accounting Rules and Regulations is presented on Appendix I.

The IASB has issued a number of new and revised IFRSs that are effective for accounting periods beginning on or after 1 January 2007. The Board of Directors has determined the accounting policies expected to be adopted in the preparation of the Group's annual financial statements for the year ending 31 December 2007, on the basis of IFRSs currently in issue.

The IFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31 December 2007 may be affected by the issue of additional interpretations or other changes announced by the IASB subsequent to the date of issuance of these interim financial statements. Therefore, the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of these interim financial statements.

The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies applied in these financial statements for the periods presented.

(b) Basis of measurement

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain property, plant and equipment (see note 3(e)), available-for-sale equity securities (see note 3(c)), trading securities (see note 3(c)) and derivative financial instruments (see note 3(d)) which are stated at fair value as explained in the accounting policies set out below.

2 Basis of preparation (continued)

(c) Functional and presentation currency

These consolidated financial statements are presented in Renminbi ("RMB"), which is different from the Company's functional currency of US dollar, so as to be consistent with the financial reporting common practice in the PRC. All of the financial information presented in RMB has been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by the management in the application of IFRSs that have significant effect on the consolidated financial statements and estimates with a significant risk of material adjustment are discussed in note 40.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by group entities.

Certain comparative amounts have been reclassified to conform with the current period's presentation. During the current period, the Group modified the income statement classification of bank interest income, dividend income from investments in equity securities, and realised and unrealised gains/(losses) on trading securities from "other revenue and net income" to "finance income and expense" as well as that of foreign currency gains/(losses) from "other operating expenses" to "finance income and expense" to reflect more appropriately the way in which economic benefits/(losses) are derived from the relevant assets. Comparative amounts were reclassified for consistency, which resulted in RMB192,147,000 and RMB17,995,000 being reclassified from "other revenue and net income", and "other operating expenses" respectively to "finance income and expense".

(a) Basis of consolidation

(i) Subsidiaries and minority interests

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements.

Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Minority interests at the balance sheet date, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated balance sheet within equity and statement of changes in equity, separately from equity attributable to the equity shareholders of the Company. Minority interests in the results of the Group are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the year between minority interests and the equity shareholders of the Company.

Where losses applicable to the minority exceed the minority’s interest in the equity of a subsidiary, the excess, and any further losses applicable to the minority, are charged against the Group’s interest except to the extent that the minority has a binding obligation to, and is able to, make additional investment to cover the losses. If the subsidiary subsequently reports profits, the Group’s interest is allocated all such profits until the minority's share of losses previously absorbed by the Group has been recovered.

(ii) Associates and jointly controlled entities

Associates are those entities in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

Jointly controlled entities are those entities which operate under a contractual arrangement between the Group and other parties, where the contractual arrangement establishes that the Group and one or more of the other parties share joint control over the economic activity of the entities.

Associates or jointly controlled entities are accounted for in the consolidated financial statements under the equity method and are initially recorded at cost and adjusted thereafter for the post acquisition change in the Group’s share of the associates’ or the jointly controlled entities’ net assets, unless they are classified as held for sale (or included in a disposal group that is classified as held for sale). The consolidated income statement includes the Group’s share of the post-acquisition, post-tax results of the associates and jointly controlled entities for the period, including any impairment loss on goodwill relating to the investments in associates and jointly controlled entities recognised for the period (see notes 3(b) and 3(i)(ii)).

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Associates and jointly controlled entities (continued)

When the Group's share of losses exceeds its interest in the associates or the jointly controlled entities, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associates or the jointly controlled entities. For this purpose, the Group's interest in the associates or the jointly controlled entities is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associates or the jointly controlled entities.

Unrealised profits and losses resulting from transactions between the Group and its associates and the jointly controlled entities are eliminated to the extent of the Group's interest in the associate or the jointly controlled entities, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(b) Goodwill

Goodwill represents the excess of the cost of a business combination or an investment in an associate over the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.

Where the Group increases its interest in a subsidiary, its incremental interest gives rise to additional goodwill in the subsidiary. The goodwill is determined as the difference between the consideration given and the interest acquired in the subsidiary's net assets and contingent liabilities at their carrying values on the Group's consolidated balance sheet. No fair value exercise is performed because IFRS 3 allows a step-up to fair values only at the date control is gained. Where the Group decreases its interest in a subsidiary without losing control, any gain or loss on the partial disposal is recognised as "other income" in the consolidated income statement.

Goodwill is stated at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment as well as when there are indications of impairment (see note 3(i)(ii)). In respect of associates or jointly controlled entities, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or jointly controlled entity.

Any excess of the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of a business combination or an investment in an associate or a jointly controlled entity is recognised immediately in profit or loss.

On disposal of a cash generating unit or an associate a jointly controlled entity during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

3 Significant accounting policies (continued)

(c) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and jointly controlled entities are as follows:

Investments in equity securities are initially stated at cost, which is their transaction price unless fair value can be more reliable estimated using valuation techniques whose variables include only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets and are initially stated at fair value. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss.

Other investments in securities are classified as available-for-sale securities and are initially recognised at fair value plus transaction costs. At each balance sheet date the fair value is remeasured, with any resultant gain or loss being recognised directly in equity, except for impairment losses (see note 3(i)(i)) and, in the case of monetary items such as debt securities, foreign exchange gains and losses which are recognised directly in profit or loss. When these investments are derecognised or impaired (see note 3(i)(i)) the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

Investments in equity securities that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recognised in the balance sheet at cost less impairment losses (see note 3(i)(i)).

Investments are recognised / derecognised on the date the Group commits to purchase / sell the investments or they expire.

(d) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At each balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is charged immediately to profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(e) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are initially recognised at cost less accumulated depreciation and impairment losses (see note 3(i)(ii)) and remeasured at revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 3(t)).

3 Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Changes arising on the revaluation of properties, plant and equipment are generally dealt with in reserves. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

- Freehold land is not depreciated.
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 30 years after the date of completion.

- Machinery and equipment	10 - 12 years
- Motor vehicles	3 - 8 years
- Office furniture and other assets	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost or valuation of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

3 Significant accounting policies (continued)

(f) Construction in progress

Construction in progress represents buildings, various plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see note 3(i)(ii)). Cost comprises cost of materials, direct labour, borrowing costs capitalised (see note 3(t)), and an appropriate proportion of production overheads incurred during the periods of construction and installation. Capitalisation of those costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

(g) Intangible assets (other than goodwill)

Expenses incurred for the acquisition of patents, trademarks and technological know-how by the Group, are stated in the balance sheet at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and impairment losses (see note 3(i)(ii)).

Timber concession rights represent costs incurred to acquire the rights to extract timber from forest concession areas for an approved duration and are stated in the balance sheet at cost less accumulated amortisation and impairment losses (see note 3(i)(ii)). Cost includes cost of purchase and expenses exclusively related to the acquisition of timber concession rights.

Amortisation of intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives unless such lives are indefinite. The following intangible assets are amortised from the date they are available for use and their estimated useful lives are as follows:

- Patents and trademarks	5 - 10 years
- Technological know-how	10 years

Timber concession rights are amortised over the remaining licence period until the expiry of the timber licences.

(h) Leased assets

(i) Classification of leases

Leases in terms of which the lessee assumes substantially all the risks and rewards of ownership are classified as finance lease. Other leases are operating leases.

(ii) Assets leased out under finance leases

Where assets are leased out under finance leases, an amount representing the net investment in the lease is included in the balance sheet as a receivable. Finance income implicit in the lease payments is credited to the income statement over the period of the leases so as to produce an approximately constant periodic rate of return on the outstanding net investment in the leases for each accounting period.

3 Significant accounting policies (continued)

(h) Leased assets (continued)

(iii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease in amortised on a straight-line basis over the period of the lease term.

(i) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities and current receivables that are carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for current receivables are reversed if in a subsequent period the amount of the impairment loss decreases. Impairment losses for equity securities are not reversed.

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset’s carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior periods.

- For available-for-sale equity securities, the cumulative loss that had been recognised directly in equity is removed from equity and is recognised in profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised directly in equity.

3 Significant accounting policies (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

Internal and external sources of information are reviewed at each balance sheet date to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- lease prepayments;
- construction in progress;
- intangible assets;
- timber concession rights;
- prepayment for investments;
- investments in associates, jointly control entities and unconsolidated subsidiaries; and
- goodwill.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to sell, or value in use, if determinable.

- Reversals of impairment losses

  In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

3 Significant accounting policies (continued)

(i) Impairment of assets (continued)

(ii) Impairment of other assets (continued)

- Reversals of impairment losses (continued)

  A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the period in which the reversals are recognised.

(j) Inventories

(i) Products manufacturing

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) Property development

Inventories in respect of property development activities are carried at the lower of cost and net realisable value. Cost and net realisable values are determined as follows:

- Property under development for sale

  The cost of properties under development for sale comprises specifically identified cost, including acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 3(t)). Net realisable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

- Completed properties for sale

  In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

  The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

3 Significant accounting policies (continued)

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost less impairment losses for bad and doubtful debts (see note 3(i)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less impairment losses for bad and doubtful debts (see note 3(i)(i)).

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(o) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised directly in equity, in which case they are recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous periods.

3 Significant accounting policies (continued)

(p) Income tax (continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

No temporary differences are recognised on the initial recognition of goodwill. In addition, the following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

3 Significant accounting policies (continued)

(p) Income tax (continued)

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 3(q)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Other provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3 Significant accounting policies (continued)

(q) Financial guarantees issued, provisions and contingent liabilities (continued)

(ii) Other provisions and contingent liabilities (continued)

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(r) Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue is measured at the fair value of the consideration received or receivable, net of value added tax or other sales taxes, returns and allowances, trade discounts and volume rebates.

(ii) Sale of properties

Revenue from the sale of properties is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheet under forward sales deposits and instalments received.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iv) Dividend income

- Dividend income from unlisted investments is recognised when the shareholder’s right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(v) Finance lease income

Finance lease income is recognised on a basis of a pattern reflecting a constant periodic rate of return on the lessors’ net investment outstanding in respect of the finance lease.

(vi) Repair and maintenance service income

Revenue is recognised when the related service has been rendered to the customer.

3 Significant accounting policies (continued)

(r) Revenue recognition (continued)

(vii) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted in arriving at the carrying amount of the asset and consequently are recognised in profit or loss over the useful life of the asset.

(s) Translation of foreign currencies

Foreign currency transactions during the period are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into Renminbi Yuan at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items, including goodwill arising on consolidation of foreign operations acquired on or after 1 January 2005, are translated into Renminbi Yuan at the foreign exchange rates ruling at the balance sheet date. The resulting exchange differences are recognised directly in a separate component of equity. Goodwill arising on consolidation of a foreign operation acquired before 1 January 2005 is translated at the foreign exchange rate that applied at the date of acquisition of the foreign operation.

On disposal of a foreign operation, the cumulative amount of the exchange differences recognised in equity which relate to that foreign operation is included in the calculation of the profit or loss on disposal.

(t) Finance income and expense

Finance income comprises interest income on funds invested, dividend income, realised and unrealised gains on trading securities, net gain on derivative financial instruments and foreign currency gains that are recognised in profit or loss.

Finance expenses comprise interest expense on borrowings, foreign currency losses and realised and unrealised losses on trading securities.

Borrowing costs are expensed in profit or loss using the effective interest method in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale.

3 Significant accounting policies (continued)

(t) Finance income and expense (continued)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(u) Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if:

(i) the party has the ability, directly or indirectly through one or more intermediaries, to control the Group or exercise significant influence over the Group in making financial and operating policy decisions, or has joint control over the Group;

(ii) the Group and the party are subject to common control;

(iii) the party is an associate of the Group or a jointly controlled entity in which the Group is a venturer;

(iv) the party is a member of key management personnel of the Group or the Group’s parent, or a close family member of such an individual, or is an entity under the control or significant influence of such individuals;

(v) the party is a close family member of a party referred to in (i) or is an entity under the control, joint control or significant influence of such individuals; or

(vi) the party is a post-employment benefit plan which is for the benefit of employees of the Group or of any entity that is a related party of the Group.

Close family members of an individual are those family members who may be expected to influence, or be influenced by, that individual in their dealings with the entity.

(v) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(w) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

3 Significant accounting policies (continued)

(w) Segment reporting (continued)

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purposes of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, tax balances, corporate and financing expenses.

4 Acquisitions of subsidiaries and minority interests

Business combination

On 26 June 2007, the Group acquired a 100% equity interest in Burg, which was incorporated in the Netherlands, for EUR110,289,000 (equivalent to RMB1,118,174,000), satisfied in cash. The transaction was executed through CIMC Burg B.V., an 80% equity interest owned subsidiary of the Group. The principal activities of Burg are manufacturing and selling of road transportation equipment and special static tanks.

The consideration of RMB1,118,174,000 was fully paid on 26 June 2007 and the shares of Burg were transferred to the Group on the same date.

The Group obtained actual control of Burg in early July 2007. Accordingly, the consideration of RMB1,118,174,000 for the acquisition was recorded as prepayment for investments (see note 22).

Acquisitions of minority interests

On 1 January 2007 and 30 April 2007, the Group acquired additional 22.5% and 25% interests in Shanghai CIMC Far East Container Co., Ltd. ("SHFE") for RMB55,365,000 and RMB60,351,000 respectively, satisfied in cash, increasing its ownership from 52.5% to 100%. The carrying amounts of SHFE's net assets in the consolidated financial statements on the respective dates of the acquisitions were both RMB230,778,000. The Group recognised a decrease in minority interests of RMB112,000,000 and goodwill of RMB3,716,000.

4 Acquisitions of subsidiaries and minority interests (continued)

Acquisitions of minority interests (continued)

On 1 January 2007, the Group acquired additional 34.21% interests in Shanghai CIMC Baowell Industries Co., Ltd. ("SBWI") for RMB102,499,000, satisfied in cash, which RMB49,819,000 was prepaid in 2006, increasing its ownership from 47.37% to 81.58%. The carring amounts of SBWI's net assets in the consolidated financial statements on the date of the acquisition was RMB332,955,000. The Group recognised a decrease in minority interests of RMB80,838,000 and goodwill of RMB21,661,000.

5 Revenue

Revenue represents the sales value of goods supplied to customers and income from sales of property. The amount of each significant category of revenue recognised during the period is as follows:

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Sales of containers	17,997,144	11,331,482
Sales of trailers	4,867,055	3,152,201
Sales of airport support equipment	81,916	45,690
Gross proceeds from properties sold	-	49,548
	22,946,115	14,578,921

6 Other income

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Finance lease income	1,909	2,008
Compensation income	3,286	158,581
Net losses on sale of property, plant and equipment	(270)	(1,615)
Net gains on sale of scrap materials and spare parts	170,403	113,774
Net repair and maintenance service income of containers and trailers	21,491	16,604
Gain on disposal of equity securities	39,829	-
Gains on recognition of negative goodwill	-	120
Net gains on disposal of partial interests in subsidiaries	-	237
Others	28,358	15,371
	265,006	305,080

7 Profit before taxation

Profit before taxation is arrived at after charging / (crediting):

(a) Finance income and expense

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Bank interest income	(17,733)	(31,839)
Dividend income from investments in equity securities	(2,112)	(10,991)
Net realised and unrealised gains on trading securities	(289,071)	(149,317)
	(308,916)	(192,147)
Net gain on derivative financial instruments	(79,993)	-
Interest expense on bank loans	133,686	42,333
Other borrowing costs	4,101	6,437
Total borrowing costs	137,787	48,770
Less: borrowing costs capitalised into construction in progress and property under development *	(9,456)	(872)
	128,331	47,898
Net foreign exchange loss	77,313	17,995
Net finance income and expense	(183,265)	(126,254)

*: The borrowing costs have been capitalised at a rate of 5.99% per annum (2006: 4.15%).

(b) Staff costs#

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Salaries, wages and other benefits	1,071,153	747,589
Contributions to defined contribution plans	115,453	67,791
	1,186,606	815,380

7 Profit before taxation (continued)

(c) Other items

	Six months ended 30 June *2007* RMB'000	*2006* RMB'000
Amortisation#		
- land lease prepayment	9,270	8,296
- other intangible assets	3,011	1,651
- timber concession rights	2,722	2,866
Depreciation #	183,295	160,755
Impairment loss of positive goodwill	-	55,938
Increase in provisions	49,841	49,020
Operating lease charges: minimum lease payments		
– hire of property#	50,125	54,515
Share of associates' taxation	3,186	1,771
Cost of inventories # (see note 25(b))	20,513,577	12,530,966

\# Cost of inventories include RMB869,053,000 (2006: RMB852,769,000) relating to staff costs, depreciation and amortisation expenses and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

8 Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	Six months ended 30 June *2007* RMB'000	*2006* RMB'000
Current tax – PRC income tax		
Provision for the period	107,592	101,465
Over-provision in respect of the prior years	(15,620)	(37,623)
	91,972	63,842
Current tax – Overseas		
Provision for the period	11,732	7,869
Deferred tax		
Origination and reversal of temporary differences	(16,382)	23,307
	87,322	95,018

8 Income tax in the consolidated income statement (continued)

(a) Taxation in the consolidated income statement represents: (continued)

The charge for PRC income tax of the Company is calculated at the rate of 15% (2006: 15%) on the estimated assessable income of the period determined in accordance with relevant income tax rules and regulations.

The income tax rates applicable to the Company's principal subsidiaries in the PRC range from 7.5% to 33%, and some subsidiaries have been granted a tax holiday for not more than five years.

The income tax rates applicable to the Company's overseas subsidiaries range from 17.5% to 40%.

(b) Reconciliation of tax expense and accounting profit at applicable tax rates:

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Profit before taxation	1,442,361	1,540,244
Notional tax on profit before taxation, calculated at the rates applicable to profits in the tax jurisdictions concerned	267,479	627,745
Effect of tax incentive	(94,174)	(107,573)
Tax effect of non-deductible expenses	8,892	16,721
Tax effect of non-taxable income	(90,094)	(421,093)
Tax effect of unused tax losses not recognized	10,839	16,841
Over-provision in prior years	(15,620)	(37,623)
Actual tax expense	87,322	95,018

9 Key management personnel compensation

The key management personnel compensation is as follows:

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Short-term employee benefits	1,565	1,525
Post-employment benefits	75	75
	1,640	1,600

Total compensation is included in "staff costs" (see note 7(b)).

10 Dividends

(a) Dividends payable to equity shareholders of the Company attributable to the period

The Board of Directors does not recommend the payment of any interim dividend for the six months period ended 30 June 2007 (2006: Nil).

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year and approved during the period

	Six months ended 30 June	
	2007	*2006*
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the period, of RMB0.43 per share (2006: RMB0.38 per share)	954,025	766,447
	===========	===========

11 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months period ended 30 June 2007 is based on the profit attributable to equity shareholders of the Company of RMB1,320,118,000 (six months ended 30 June 2006: RMB1,328,339,000) and the weighted average of 2,662,396,000 shares (six months ended 30 June 2006: 2,662,396,000 shares after adjusting for the share premium capitalisation issue in 2007) in issue during the period from 1 January 2007 to 30 June 2007, calculated as follows:

	Six months ended 30 June	
	2007	*2006*
	'000	*'000*
Issued shares at 1 January	2,218,663	2,016,967
Effect of capitalisation issue (note 32(b))	443,733	645,429
Weighted average number of shares at 30 June	2,662,396	2,662,396
	===========	===========

(b) Diluted earnings per share

There were no diluting potential ordinary shares in existence during the six months ended 30 June 2007 and 2006.

12 Segment reporting

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary format because this is more relevant to the Group's internal financial reporting.

Business segments

The Group comprises the following main business segments:

Containers: the manufacture and sale of marine containers, dry-freight containers, refrigerated containers and special types of containers, and the logging and sale of timber for containers business.

Trailers: the manufacture and sale of trailers.

Airport ground facilities: the manufacture and sale of airport ground facilities.

Other operations: the construction and development of properties for sale.

	Containers		*Trailers*		*Airport ground facilities*		*Other operations*		*Inter-segment elimination*		*Consolidated*	
	Six months ended 30 June		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*	
	2007	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	17,997,144	11,331,482	4,867,055	3,152,201	81,916	45,690	-	49,548	-	-	22,946,115	14,578,921
Inter-segment revenue	45,562	61,018	1,019	1,853	-	-	-	-	(46,581)	(62,871)	-	-
Total	18,042,706	11,392,500	4,868,074	3,154,054	81,916	45,690	-	49,548	(46,581)	(62,871)	22,946,115	14,578,921
Segment result	1,241,532	1,030,670	153,195	257,579	2,361	5,793	(6,662)	14,213	-	-	1,390,426	1,308,255
Unallocated operating income and expenses											(169,980)	97,463
Profit from operations											1,220,446	1,405,718
Finance income and expense											183,265	126,254
Share of profits less losses of associates	38,850	7,685	1,319	418	-	-	-	169	-	-	40,169	8,272
Share of profits less losses of jointly controlled entity	-	-	-	-	-	-	(1,519)	-	-	-	(1,519)	-
Taxation											(87,322)	(95,018)
Profit after taxation											1,355,039	1,445,226

12 Segment reporting (continued)

Business segments (continued)

	Containers		*Trailers*		*Airport ground facilities*		*Other operations*		*Inter-segment elimination*		*Consolidated*	
	Six months ended 30 June		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*	
	2007	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Depreciation and amortisation for the period	154,464	141,993	41,212	30,247	2,339	1,050	283	278	-	-	198,298	173,568
Impairment losses of positive goodwill	-	55,938	-	-	-	-	-	-	-	-	-	55,938
Capital expenditure incurred during the period	474,177	391,160	158,983	117,468	1,095	1,228	327	174	-	-	634,582	510,030

	Containers		*Trailers*		*Airport ground facilities*		*Other operations*		*Inter-segment elimination*		*Consolidated*	
	At 30 June 2007	*At 31 December 2006*	*At 30 June 2007*	*At 31 December 2006*	*At 30 June 2007*	*At 31 December 2006*	*At 30 June 2007*	*At 31 December 2006*	*At 30 June 2007*	*At 31 December 2006*	*At 30 June 2007*	*At 31 December 2006*
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Segment assets	20,091,599	15,669,002	6,383,153	4,395,709	354,922	220,894	475,493	522,886	(14,215)	(13,660)	27,290,912	20,794,831
Interests in associates	508,064	482,040	9,011	9,552	-	-	-	-	-	-	517,075	491,592
Interest in jointly controlled entity	-	-	-	-	-	-	128,192	128,596	-	-	128,192	128,596
Unallocated assets											5,286,076	1,920,819
Total assets											33,222,255	23,335,838
Segment liabilities	(9,364,193)	(6,646,600)	(2,563,742)	(1,425,325)	(311,315)	(153,738)	(124,477)	(46,345)	14,215	13,660	(12,349,512)	(8,258,348)
Unallocated liabilities											(6,395,357)	(1,906,875)
Total liabilities											(18,744,869)	(10,165,223)

12 Segment reporting (continued)

Geographical segments

The Group's business is managed on a worldwide basis, but participates in three principal economic environments. America and Europe are the major markets for the containers business. Asia and America are the major markets for the trailer business. Asia is the sole market for the businesses of property development, and manufacturing and sale of airport ground facilities. In Suriname, the only business is the logging and sale of timber.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	USA		*Europe*		*Asia*		*Other regions*		*Total*	
	Six months ended 30 June		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*		*Six months ended 30 June*	
	2007	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	*2006*	*2007*	2006
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	5,285,928	4,150,326	8,517,267	4,502,948	9,036,549	5,835,008	106,371	90,639	22,946,115	14,578,921
Capital expenditure incurred during the period	9,226	9,260	-	-	623,522	500,391	1,834	379	634,582	510,030
	========	========	========	========	========	========	========	========	========	========

	At 30 June 2007	*At 31 December* 2006	*At 30 June* 2007	*At 31 December* 2006	*At 30 June* 2007	*At 31 December* 2006	*At 30 June* 2007	*At 31 December* 2006	*At 30 June* 2007	*At 31 December 2006*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	578,654	550,339	125,120	40,862	26,526,023	20,151,510	61,115	52,120	27,290,912	20,794,831
	========	========	========	========	========	========	========	========	========	========

13 Property, plant and equipment

	Land and buildings	*Machinery and equipment*	*Motor vehicles*	*Office furniture and other assets*	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost or valuation:					
At 1 January 2006	2,573,947	2,513,847	177,308	335,804	5,600,906
Additions					
-through acquisitions of subsidiaries	55,187	74,655	41,466	7,075	178,383
-others	32,138	122,507	31,494	78,792	264,931
Transfer from construction in progress (note 15)	360,034	283,043	14,243	28,831	686,151
Disposals	(55,039)	(98,761)	(18,228)	(19,165)	(191,193)
Exchange adjustments	(71,184)	(75,500)	(5,325)	(10,853)	(162,862)
As 31 December 2006	2,895,083	2,819,791	240,958	420,484	6,376,316
Representing:					
Cost	2,165,170	1,993,300	195,239	358,610	4,712,319
Valuation	729,913	826,491	45,719	61,874	1,663,997
	2,895,083	2,819,791	240,958	420,484	6,376,316
At 1 January 2007	2,895,083	2,819,791	240,958	420,484	6,376,316
Additions	13,647	27,797	21,994	16,736	80,174
Transfer from construction in progress (note 15)	173,128	123,858	10,100	4,505	311,591
Disposals	(1,908)	(8,929)	(6,450)	(786)	(18,073)
Exchange adjustments	(51,109)	(52,743)	(3,886)	(8,474)	(116,212)
At 30 June 2007	3,028,841	2,909,774	262,716	432,465	6,633,796
Representing:					
Cost	2,316,804	2,105,903	220,369	372,401	5,015,477
Valuation	712,037	803,871	42,347	60,064	1,618,319
	3,028,841	2,909,774	262,716	432,465	6,633,796

13 Property, plant and equipment (continued)

	Land and buildings RMB'000	*Machinery and equipment* RMB'000	*Motor vehicles* RMB'000	*Office furniture and other assets* RMB'000	Total RMB'000
Accumulated depreciation and impairment losses:					
At 1 January 2006	342,809	822,754	95,124	154,697	1,415,384
Through acquisitions of subsidiaries	35,579	31,868	29,004	3,830	100,281
Charge for the year	82,841	206,768	32,272	47,904	369,785
Disposals	(19,615)	(77,634)	(21,218)	(14,991)	(133,458)
Exchange adjustments	(10,818)	(26,639)	(3,005)	(5,316)	(45,778)
At 31 December 2006	430,796	957,117	132,177	186,124	1,706,214
At 1 January 2007	430,796	957,117	132,177	186,124	1,706,214
Charge for the period	44,682	101,301	14,929	22,383	183,295
Disposals	(863)	(4,199)	(5,046)	(738)	(10,846)
Exchange adjustments	(8,178)	(19,802)	(2,287)	(4,208)	(34,475)
At 30 June 2007	466,437	1,034,417	139,773	203,561	1,844,188
Net book value:					
At 30 June 2007	2,562,404	1,875,357	122,943	228,904	4,789,608
At 31 December 2006	2,464,287	1,862,674	108,781	234,360	4,670,102

(a) The Group's buildings are mainly located in the PRC.

(b) The Group revalues its property, plant and equipment on a rolling basis so that within a seven-year period all the assets are revalued at least once. Based on the latest revaluation performed by senior management of the Group under this program, the carrying value of the revalued property, plant and equipment did not differ materially from their fair value. Fair values were determined having regard to replacement cost or recent market transactions for similar property, plant and equipment in the same location or industry.

13 Property, plant and equipment (continued)

(b) Had each class of the revalued property, plant and equipment been carried at cost less accumulated depreciation and impairment losses, the carrying amounts would have been:

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Land and buildings	2,553,122	2,454,723
Machinery and equipment	1,875,357	1,862,674
Motor vehicles	122,943	108,781
Office furniture and other assets	228,904	234,360
	4,780,326	4,660,538

(c) At 30 June 2007, land use rights, buildings, property under development for sale, and machinery and equipment with a carrying amount of RMB226,443,000 (2006: land use rights, buildings, property under development for sale, and machinery and equipment of RMB188,056,000) were secured for three bank loans (note 29).

14 Lease prepayments

Lease prepayments represent the land use rights of the Group in respect of land located in the PRC for a period of 11 to 70 years from the respective dates of grant. The remaining lease periods of these land use rights range from 2 to 65 years.

15 Construction in progress

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
At 1 January	342,949	236,765
Additions	545,557	794,898
Transfer to property, plant and equipment (note 13)	(311,591)	(686,151)
Interest capitalised	3,106	4,441
Exchange adjustments	(7,236)	(7,004)
At 30 June / 31 December	572,785	342,949

Construction in progress at 30 June 2007 is analysed as follows:

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Projects		
Machinery and equipment	221,955	76,264
Buildings and factories	350,830	266,685
	572,785	342,949

16 Timber concession rights

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Cost:		
At 1 January	282,219	292,749
Exchange adjustments	(8,295)	(10,530)
At 30 June / 31 December	273,924	282,219
Accumulated amortisation and impairment losses:		
At 1 January	216,525	218,844
Amortisation charge for the period / year	2,722	5,679
Exchange adjustments	(6,389)	(7,998)
At 30 June / 31 December	212,858	216,525
Net book value:		
At 30 June / 31 December	61,066	65,694

These rights represent the cost of acquisition of the timber concession rights in respect of designated areas of land in the Republic of Suriname ("Suriname") and Kingdom of Cambodia ("Cambodia") with terms expiring between 2016 to 2023.

The Ministry of Agriculture, Forest and Fisheries ("MAFF") of Cambodia has suspended logging activities of all concessionaires, including those of the Group since 2001. The directors are of the opinion that it is unlikely that the above-mentioned suspension will be uplifted in the foreseeable future. In view of this, full impairment loss was made on the carrying value of the related concession rights in the Group's financial statements for the year ended 31 December 2004.

The timber concession right in respect of designated areas of land in Suriname is amortised using the straight line method over 14 years. Up to 30 June 2007, the timber logging activities are yet to be commenced as the Group is waiting for the related government to complete the construction of road transportation facilities so as to facilitate its timber logging activities. The management are of the opinion that the carrying value of the timber concession rights as at 30 June 2007 was not materially different from its fair value.

17 Intangible assets

	Technological know-how RMB'000	*Patents* RMB'000	*Trademarks* RMB'000	*Total* RMB'000
Cost:				
At 1 January 2006	6,849	25,238	7,727	39,814
Additions	4,711	2,948	270	7,929
Exchange adjustments	(285)	(751)	-	(1,036)
At 31 December 2006	11,275	27,435	7,997	46,707
At 1 January 2007	11,275	27,435	7,997	46,707
Additions	3,119	2,584	42	5,745
Exchange adjustments	(276)	(580)	-	(856)
At 30 June 2007	14,118	29,439	8,039	51,596
Accumulated amortisation:				
At 1 January 2006	4,167	2,425	4,573	11,165
Charge for the year	1,531	2,783	974	5,288
Exchange adjustments	(130)	(48)	-	(178)
At 31 December 2006	5,568	5,160	5,547	16,275
At 1 January 2007	5,568	5,160	5,547	16,275
Charge for the period	835	1,731	445	3,011
Exchange adjustments	(123)	(114)	(136)	(373)
At 30 June 2007	6,280	6,777	5,856	18,913
Net book value:				
At 30 June 2007	7,838	22,662	2,183	32,683
At 31 December 2006	5,707	22,275	2,450	30,432

The amortisation charge for the period is included in "other operating expenses" in the consolidated income statement.

18 Goodwill

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Cost:		
At 1 January	304,677	116,232
Acquisitions through business combinations	25,377	193,308
Exchange adjustments	(7,703)	(4,863)
At 30 June / 31 December	322,351	304,677
Accumulated amortisation and impairment losses:		
At 1 January	10,995	11,164
Exchange adjustments	(269)	(169)
At 30 June / 31 December	10,726	10,995
Carrying amount:		
At 30 June / 31 December	311,625	293,682

18 Goodwill (continued)

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the business segment as follows:

	At 30 June 2007	*At 31 December 2006*
	RMB'000	RMB'000 (audited)
Containers	265,581	246,265
Trailers	46,044	47,417
	311,625	293,682

For goodwill on interest in associates, it is allocated to the CGU of the respective associated companies.

Containers / trailers / others

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a period of one year. Cash flows beyond the one-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the respective long-term average growth rate for the business in which the CGU operates.

Key parameters used for value-in-use calculations:

	At 30 June 2007	*At 31 December 2006*
	%	%
- Gross margin	13.00%	13.50%
- Growth rate	12.00%	12.00%
- Discount rate	6.57%	6.12%

Management determined the budgeted gross margin based on past performance and its expectation for market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

As the CGU was reduced to its recoverable amount, any adverse change in the parameters used in the calculation of recoverable amount would cause the carrying value to be less than the recoverable amount.

19 Interest in associates

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Unlisted associates		
Share of net assets	422,866	394,997
Goodwill	89,461	91,703
Loan to an associate	4,748	4,892
	517,075	491,592

Loan to an associate is unsecured, interest-free and has no fixed repayment term.

The following list contains only the particulars of associates, all of which are unlisted corporate entities, which principally affected the results or assets of the Group:

Name of associate	*Place of establishment/ incorporation /operation*	*Proportion of ownership interest held by subsidiary*	*Principal activity*
KYH Steel Holdings Limited ("KYH")	The British Virgin Islands / Hong Kong	31.83%	Investment holding with subsidiaries principally engaged in trading of steel products
Yangzhou Maxi-Cube Tong Composites Material Co., Ltd. ("YMTC")	PRC	37.77%	Manufacturing and sales of composite materials for vehicle products
Dalian Jilong Logistics Co., Ltd.	PRC	30%	Container handling, storage and related services
Xiamen CIMC Hai Tou Logistics Co., Ltd.	PRC	45%	Container handling, storage and related services
Ningbo Donghua Container Service Co., Ltd.	PRC	21%	Container handling, storage and related services
New Atlantic Timber (H.K.) Limited ("NAT")	Hong Kong	20%	Trading of timber

19 Interest in associates (continued)

Name of associate	*Place of establishment/ incorporation /operation*	*Proportion of ownership interest held by subsidiary*	*Principal activity*
Tianjin Port CIMC-Zhenhua Logistics Co., Ltd.	PRC	36%	Provision for logistics, maintenance and repairing, and related services
Zhenhua Logistics Group	PRC	45%	Provision for logistics, maintenance and repairing, and related services

Summary financial information on associates

	Assets RMB'000	Liabilities RMB'000	Equity RMB'000	Revenues RMB'000	Profit RMB'000
As at 30 June 2007					
100 per cent	2,284,406	(1,241,883)	1,042,523	3,055,449	109,961
Group's effective interest	907,558	(484,692)	422,866	1,275,928	40,169
	========	========	========	========	========
As at 31 December 2006					
100 per cent	1,939,061	(968,141)	970,920	1,415,555	67,148
Group's effective interest	774,293	(379,296)	394,997	463,009	22,876
	========	========	========	========	========

20 Interest in jointly controlled entity

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Unlisted jointly controlled entity		
Share of net assets	77,394	79,586
Loans to a jointly controlled entity	48,367	49,010
	125,761	128,596
	===========	===========

20 Interest in jointly controlled entity (continued)

Details of the Group's interest in the jointly controlled entity are as follows:

Name of joint venture	*Form of business structure*	*Place of incorporation and operation*	*Particulars of issued and paid up capital*	*Proportion of ownership interest* *Group's effective interest*	*Held by the Company*	*Held by a subsidiary*	*Principal activity*
Shenzhen CIMC Skyspace Real Estate Co., Ltd. ("SKRE")	*Incorporated*	*PRC*	*RMB 154,634,066*	*50%*	-	*50%*	Property development

Summary financial information on jointly controlled entity - group's effective interest

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Non-current assets	32,320	29,586
Current assets	214,677	190,707
Non-current liabilities	(61,396)	(15,831)
Current liabilities	(108,207)	(124,876)
Net assets	77,394	79,586
Income	6,892	-
Expenses	(8,411)	-
Loss for the period / year	(1,519)	-

21 Finance lease receivable

The Group has the following interests in finance lease:

	At 30 June 2007 RMB'000	*At 31 December 2006 RMB'000* (audited)
Gross investment	72,241	79,271
Unearned finance income	(11,585)	(13,494)
Net investment	60,656	65,777
Current portion (note 26)	(7,310)	(7,307)
	53,346	58,470
Unguaranteed residual values	(6)	(6)
	53,340	58,464

The finance lease receivable is as follows:

	Minimum lease payments at 30 June 2007 RMB'000	Interest at 30 June 2007 RMB'000	Principal at 30 June 2007 RMB'000	Minimum lease payments at 31 December 2006 RMB'000	Interest at 31 December 2006 RMB'000	Principal at 31 December 2006 RMB'000
Less than one year	10,197	2,887	7,310	10,452	3,145	7,307
Between one and five years	40,788	7,581	33,207	41,810	8,616	33,194
More than five years	21,250	1,117	20,133	27,003	1,733	25,270
	72,235	11,585	60,650	79,265	13,494	65,771

The Group's interest in finance lease represents lease of containers to third party, which has been classified as finance, rather than operating leases under IAS 17. The lease terms are for periods of 10 years where substantially all the risks and rewards lie with the lessee. Where the Group enters into such a lease, the Group records a disposal of the containers concerned and recognises an interest in the subsequent finance lease. No contingent rent is receivable.

22 Prepayment for investments

Prepayment for investments represented considerations prepaid by the Group for acquisition of Burg (see note 4) and certain other investments which have not been completed as at 30 June 2007.

23 Other non-current financial assets

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Available-for-sale equity securities	3,387,573	1,590,405
Car / housing loans to staff at amortised cost	28,341	25,661
	3,415,914	1,616,066

(a) As at 30 June 2007, the available-for-sale equity securities held by the Group included legal person shares of certain listed entities in the PRC with a carrying value of RMB2,500,884,000 (2006: RMB1,248,855,000), listed shares acquired by the Group for strategic investment purpose with a 1-year period of shares selling prohibition ("strategic shares") with a carrying value of RMB684,310,000 (2006: RMB 275,500,000) and other unlisted equity securities with a carrying value of RMB202,379,000 (2006: RMB66,050,000).

Following the commencement of the relevant share reform plans on non-circulating legal person shares in 2006, these legal person shares will become circulating in the market upon expiry of periods of shares selling prohibition. As at 30 June 2007, the share reform procedures of these legal person shares have been substantially completed and all of these shares as well as strategic shares were prohibited to be disposed of within specific period of time.

Prior to 2006, all legal person shares were recognised in the balance sheet at cost less impairment losses because they did not have a quoted market price in an active market and their fair value could not be reliably measured. With the substantial completion of share reform procedures, all these shares have been re-measured to fair value using valuation techniques whose variables include only data from observable markets with any resultant gain or loss being recognised directly in equity since 31 December 2006. For other unlisted equity securities, they were recognised in the balance sheet at cost less impairment losses.

(b) The car / housing loans are unsecured, interest free and to be settled within 5 years after 30 June 2007.

24 Trading securities

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Trading securities (at market value)		
Listed equity securities		
- in PRC	572,970	190,828
- in Hong Kong	79,167	24,806
	652,137	215,634

25 Inventories

(a) Inventories in the consolidated balance sheet comprise:

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Container, trailer, airport support equipment manufacturing and timber logging and trading		
Raw materials	3,609,261	2,644,553
Work in progress	850,570	486,853
Finished goods	1,627,079	1,177,396
Spare parts and consumables	82,527	99,749
	6,169,437	4,408,551
Property development		
Property under development for sale	384,615	287,584
Completed property held for sale	75,907	75,907
	460,522	363,491
	6,629,959	4,772,042

The carrying value of PRC land use right held for property development for sale already included in the carrying value of inventories, of which the relevant lease period is 70 years, amounted to RMB339 million (2006: RMB287 million).

25 Inventories (continued)

(b) The analysis of the amount of inventories recognised as an expense is as follows:

	Six months ended 30 June 2007 RMB'000	2006 RMB'000
Carrying amount of inventories sold	20,514,672	12,774,214
Write down of inventories	2,379	4,123
Reversal of write-down of inventories	(3,474)	(247,371)
	20,513,577	12,530,966

The reversal of write-down of inventories made in prior years arose due to subsequent sale of inventories.

The amount of properties under development for sale expected to be recovered after more than one year is RMB266 million (2006: RMB192 million). All of the other inventories are expected to be recovered within one year.

26 Trade and other receivables

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Trade receivables	8,907,277	5,262,780
Finance lease receivable – current portion (note 21)	7,310	7,307
Deposits, prepayments and other receivables	3,226,672	2,142,086
Entrusted loan receivables	144,206	-
Derivative financial instruments	87,844	8,654
	12,373,309	7,420,827

All of the trade and other receivables, apart from rental and utility deposits of RMB30 million (2006: RMB27 million) and entrusted loan receivables of RMB72 million (2006: RMB Nil), are expected to be recovered within one year.

The Group's credit policy is set out in note 34(a).

26 Trade and other receivables (continued)

Included in trade and other receivables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

		At 30 June 2007 RMB'000		*At 31 December 2006* RMB'000 (audited)
Renminbi	RMB	1,735,021	RMB	1,127,401
United States Dollars	USD	68,187	USD	38,304
Hong Kong Dollars	HKD	1,286	HKD	5,216
Japanese Yen	JPY	289,585	JPY	427,331
Euros	EUR	10,096	EUR	2,073

27 Cash and cash equivalents

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Deposits with banks and other financial institutions	120,082	282,695
Cash at bank and in hand	962,272	1,734,177
Cash and cash equivalents in the consolidated balance sheet and consolidated cash flow statement	1,082,354	2,016,872

Included in cash and cash equivalents in the consolidated balance sheet are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

		At 30 June 2007 RMB'000		*At 31 December 2006* RMB'000 (audited)
Renminbi	RMB	218,819	RMB	713,035
United States Dollars	USD	5,835	USD	18,239
Hong Kong Dollars	HKD	1,807	HKD	1,081
Japanese Yen	JPY	1,890	JPY	320,978
Australian Dollars	AUD	-	AUD	1,709
Euros	EUR	523	EUR	50

28 Trade and other payables

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Trade payables	6,873,065	4,050,254
Other payables and accruals	1,386,684	1,061,185
Staff salary and bonus payable	1,201,377	998,510
Deposits received	798,475	255,669
Bills payable	1,564,430	1,362,121
	11,824,031	7,727,739

All of the other trade and other payables are expected to be settled within one year.

Included in trade and other payables are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

		At 30 June 2007 RMB'000		*At 31 December 2006* RMB'000 (audited)
Renminbi	RMB	1,877,870	RMB	2,157,965
United States Dollars	USD	14,828	USD	15,127
Hong Kong Dollars	HKD	77	HKD	3,204
Japanese Yen	JPY	-	JPY	86,863
Euros	EUR	427	EUR	559

29 Bank loans

At 30 June 2007 the bank loans were repayable as follows:

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Within 1 year or on demand	2,815,022	859,225
After 1 year but within 2 years	681,192	545,800
After 2 year but within 5 years	2,372,885	180,000
	3,054,077	725,800
	5,869,099	1,585,025

29 Bank loans (continued)

At 30 June 2007, bank loans of RMB308,632,000 (2006: RMB274,834,000) were secured by mortgage over the Group's land use rights, buildings, property under development for sale, and machinery and equipment with a carrying value of RMB226,443,000 (2006: land use rights, buildings, property under development for sale, and machinery and equipment of RMB188,056,000).

Included in bank loans are the following amounts denominated in a currency other than the functional currency of the entity to which they relate:

		At 30 June 2007 RMB'000		*At 31 December 2006* RMB'000 (audited)
Renminbi	RMB	1,409,640	RMB	601,860
United States Dollars	USD	22,515	USD	34,225
Euros	EUR	26,602	EUR	181
Japanese Yen	JPY	1,437,694	JPY	181,354
Hong Kong Dollars	HKD	34,697	HKD	4,507
		========		========

Interest rates are within the range of 1% to 7.02% per annum (2006: 1% to 6.44% per annum).

Part of the Group's bank loans totalling USD235,921,000 (equivalent to RMB1,796,370,000) are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the bank loans would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 34(b). As at 30 June 2007 none of the covenants relating to bank loans had been breached (2006: None).

30 Income tax in the consolidated balance sheet

(a) Current taxation in the consolidated balance sheet represents:

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Provision for income tax for the period	93,560	122,764
Additions through acquisitions of subsidiaries	-	834
Exchange adjustments	(5,964)	(2,004)
	87,596	121,594
	===========	===========

30 Income tax in the consolidated balance sheet (continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the period are as follows:

	Deferred tax assets								Deferred tax liabilities	
	Revaluation and impairment losses for property, plant and equipment RMB'000	*Write down of inventories* RMB'000	*Impairment losses for bad and doubtful debts* RMB'000	*Allowance for salary and bonus* RMB'000	*Provision for warranty* RMB,000	*Tax losses* RMB,000	*Others* RMB'000	*Total* RMB'000	*Change in fair value of available-for-sale securities* RMB'000	*Total* RMB'000
At 1 January 2006	7,141	27,372	7,019	14,859	-	21,620	7,832	85,843	-	-
(Credited) / charged to profit or loss	(3,183)	(22,937)	2,510	5,952	51,713	(9,083)	7,473	32,445	-	-
Credited to reserves	-	-	-	-	-	-	-	-	(165,536)	(165,536)
Exchange adjustment	(159)	(274)	(430)	(615)	(1,097)	(517)	(416)	(3,508)	-	-
At 31 December 2006	3,799	4,161	9,099	20,196	50,616	12,020	14,889	114,780	(165,536)	(165,536)
At 1 January 2007	3,799	4,161	9,099	20,196	50,616	12,020	14,889	114,780	(165,536)	(165,536)
(Credited) / charged to profit or loss	-	53	6,174	521	5,418	4,394	(178)	16,382	-	-
Credited to reserves	-	-	-	-	-	-	-	-	(216,665)	(216,665)
Exchange adjustment	(93)	(102)	(284)	(499)	(1,291)	(337)	(364)	(2,970)	5,522	5,522
At 30 June 2007	3,706	4,112	14,989	20,218	54,743	16,077	14,347	128,192	(376,679)	(376,679)

30 Income tax in the consolidated balance sheet (continued)

(c) Deferred tax assets not recognised

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Tax losses	103,399	99,501
Deductible temporary differences		
- Impairment losses of timber concession rights	64,442	66,056
- Impairment losses of prepayment for investments	1,632	1,673
- Allowance for salary and bonus	65,385	61,170
	234,858	228,400

The above-mentioned deferred tax assets relating to unutilised tax losses and deductible temporary differences have not been recognised as it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

The tax losses in respect of the Company's PRC subsidiaries expire in 2008, 2009, 2010, 2011 and 2012. The tax losses in respect of certain overseas subsidiaries expire in 2024 and 2025. The deductible temporary differences do not expire under current tax legislation.

31 Provisions

	Warranties RMB'000
At 1 January 2007	565,329
Net additional provisions made	49,841
Provisions utilised	(15,722)
Exchange adjustments	(11,984)
At 30 June 2007	587,464

The provision for warranties mainly relates to containers and trailers sold within the three years prior to the balance sheet date. The management considers that the provision is based on estimates made from historical warranty data associated with similar products.

32 Share capital

(a) *Authorised, issued and paid up capital*

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Authorised, issued and paid up capital		
432,171,844 legal person shares (2006: 360,143,203 shares) of RMB1 each	432,172	360,143
799,743,698 "A" shares (2006: 666,453,082 shares) of RMB1 each	799,744	666,453
1,430,480,509 "B" shares (2006: 1,192,067,091 shares) of RMB1 each	1,430,480	1,192,067
	2,662,396	2,218,663

Movement in authorised, issued and paid up capital is as follows:

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Authorised, issued and paid up capital		
At 1 January	2,218,663	2,016,967
Capitalisation issue	443,733	201,696
At 30 June	2,662,396	2,218,663

The holders of all the shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

(b) *Capitalisation issue*

Pursuant to a resolution passed at the directors' meeting on 16 March 2006 and approved at the Annual General Meeting on 30 June 2006, the Company increased its share capital from RMB2,017.0 million to RMB2,218.7 million through capitalisation of share premium amounting to RMB201.7 million.

Pursuant to a resolution passed at the directors' meeting on 15 March 2007 and approved at the Annual General Meeting on 23 April 2007, the Company increased its share capital from RMB2,218.7 million to RMB2,662.4 million through capitalisation of share premium amounting to RMB443.7 million.

33 Reserves

(a) Share premium

The application of the share premium account is governed by Article 169 of the Company Law of the PRC.

(b) Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale securities held at the balance sheet date and is dealt with in accordance with the accounting policies in notes 3(c) and 3(i).

(c) Surplus reserve

Surplus reserve comprises a statutory surplus reserve of RMB1,421,662,000(2006: RMB1,421,662,000) and a discretionary surplus reserve of RMB2,363,878,000(2006: RMB2,363,878,000).

According to the Company's articles of association, the Company is required to transfer not less than 10% of its profit after taxation to the statutory surplus reserve until the surplus reaches 50% of the registered capital. For the purpose of calculating the transfer to reserve, the profit after taxation shall be the amount determined under PRC accounting rules and regulations. The transfer to this reserve must be made before distribution of dividend to shareholders.

Statutory surplus reserve can be used to make good previous years' losses, if any, and for capitalisation issue provided that the balance after such issue is not less than 25% of the registered capital. According to Article 83 of the Accounting Regulations for Business Enterprises of the PRC, surplus reserve can be used for dividend distribution subject to fulfilment of relevant requirements.

The transfer to discretionary surplus reserve from the retained profits is subject to the approval of shareholders at general meetings. Its usage is similar to that of statutory surplus reserve.

(d) Statutory public welfare fund

Pursuant to the revised Company Law of the PRC, the Company is not required by law to make appropriations to statutory public welfare fund commencing from 1 January 2006. The balances of the statutory public welfare fund as at 1 January 2006 were transferred to surplus reserve.

34 Financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The risks are limited by the Group's financial management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

34 Financial instruments (continued)

(a) Credit risk (continued)

In respect of trade and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. The credit evaluations are reperformed periodically for the existing customers. The Group chases the customers to settle outstanding balances and monitors the settlement progress on an ongoing basis. Normally, the Group does not obtain collateral from customers. The impairment losses on bad and doubtful accounts are within management's expectation.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer terms.

(c) Interest rate risk

The Group borrowed bank loans denominated in US dollars at interest rates of USD LIBOR plus certain range of percentages.

To manage this interest rate risk, the Group uses interest rate swap. The swap matured every three months over the period and had fixed swap rates at 5.81% per annum. At 30 June 2007, there is no interest rate swap outstanding in the Group.

The Group classifies interest rate swap as trading derivative financial instrument and states it at fair value in accordance with the policy set out in note 3(d).

The interest rates and terms of repayment of bank loans of the Group are disclosed in note 29 of the consolidated financial statements.

(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales, purchases and borrowings that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to this risk are primarily Renminbi, United States dollars, Hong Kong dollars, Euros and Japanese Yen.

To manage this foreign currency risk, the Group uses forward contracts. All of the forward contracts have maturities of less than one year after the balance sheet date. At 30 June 2007, the Group has forward contracts with a notional contract amount of USD697,370,000 and JPY3,125,025,000 (2006: USD236,000,000 and JPY781,025,000).

In respect of other trade receivables and payables held in currencies other than the functional currency of the operations to which they relate, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Most of the Group's borrowings are denominated in the functional currency of the entity taking out the loan.

34 Financial instruments (continued)

(e) Capital Management

The Board Of Directors' policy in respect of capital management is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as total equity holders' equity, excluding minority interests, and the level of dividends to equity holders.

The Board of Director seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group's target is to achieve a stable return on equity holders' equity.

There were no changes in the Group's approach to capital management during the period.

The Group is in compliance of all externally imposed capital requirements.

(f) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 30 June 2007 and 31 December 2006.

(g) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments as mentioned in 35(f) above.

(i) Securities

Fair value is based on quoted market price at the balance sheet date without any deduction for transaction costs. Fair value for the unquoted equity investments are estimated using the applicable price/earning ratios for similar listed companies adjusted for the specific circumstances of the issuer.

(ii) Derivatives

The fair values of interest rate swap and forward contract are based on broker quotes. Those quotes are back tested using pricing models or discounted cash flow techniques. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for similar instruments having a similar maturity at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

(iii) Bank loans and borrowings

The fair value is estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

34 Financial instruments (continued)

(g) Estimation of fair values (continued)

(iv) Financial guarantees

The fair value of financial guarantees issued is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made.

(v) Interest rates used for determining fair value

The Group uses the market rate of similar interest-bearing bank loans announced by the People's Bank of China and USD LIBOR-BBA as of 30 June 2007 to discount financial instruments. The interest rates used are as follows:

	At 30 June 2007	At 31 December 2006
Derivatives	N/A	5.78%
Receivables	0.72%-5.36%	0.72%-5.36%
Loans and borrowings	3.78%-5.99%	3.38%-5.76%

35 Commitments

(a) Capital commitments outstanding not provided for in the consolidated financial statements were as follows:

At 30 June 2007, the Group had contractual commitments for the acquisitions of property, plant and equipment amounting to RMB194,958,000 (2006: RMB214,499,000).

(b) At 30 June 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Within l year	116,908	71,686
After 1 year but within 5 years	114,531	108,981
After 5 years	64,977	85,722
	296,416	266,389

35 Commitments (continued)

The Group leases certain pieces of land, a number of offices, and a factory under operating leases. The leases run for an initial period between 1 to 50 years, with an option to renew the lease after the expiry date. None of the leases includes contingent rentals.

36 Contingent liabilities

(a) At 30 June 2007, the Group had bills issued to suppliers totalling RMB1,419,360,000 (2006: RMB1,439,000,000) with outstanding maturity dates ranging from 1 day to 182 days in connection with purchase orders placed but goods yet to be delivered.

This kind of bills payable represents contingent liability of the Group. The obligation to settle the bills will arise only when the goods are delivered. A bill is recognised as a liability upon the delivery of the goods by the suppliers or the maturity of the bill, whichever is earlier.

(b) During the period, certain subsidiaries of the Group provided guarantees in respect of banking facilities granted to customers who drew down loans under banking facilities to settle outstanding payables arising from purchase of trailers from the Group. As at 30 June 2007, the Group has the above outstanding guarantees totalling RMB94,936,000 (2006: 83,766,000).

(c) On 3 February 2007, a Writ of Summons was issued in the Higher People's Court of Jiangsu Province by Ruihua Investment Holding Limited ("Ruihua"), a creditor of Yangzhou Tongyung Container Co., Ltd. ("YZTY"), against Yangzhou Runyang Logistics Equipment Co., Ltd., Shenzhen Southern CIMC Containers Services Co., Ltd. and CIMC Holdings (B.V.I.) Limited, the Company's subsidiaries, for a compensation of RMB310 million. Ruihua claimed in the Statement of Claim that the aforesaid defendants had engaged in tort activities during the winding-up of YZTY and caused losses to Ruihua in relating to mortgage of loan, lease operation and equity transfers.

The first court case hearing was held on 5 May 2007. Both Ruihua and aforesaid defendants are required to provide further information and evidences for the next court hearing.

The directors consider that the aforesaid defendants performed their obligations legitimately and faithfully during the winding up of YZTY, and have not engaged in any tort activities. Therefore, the directors believe that the court decision will not be in favor of Ruihua and no provision for the above-mentioned compensation is required at this stage.

37 Material related party transactions

(a) The Group has undertaken transactions with the following related parties for the six months ended 30 June 2007:

	Relationship with the Company	*Six months ended 30 June* *2007* RMB'000	*2006* RMB'000
Sale of containers to Florens Container Services Company Limited ("Florens")	Subsidiary of shareholder	582,305	694,608
Sale of trailers to COSCO North America, Inc. ("COSCO North America")	Subsidiary of shareholder	65,339	76,961
Purchase of raw materials from Hempel-Hai Hong Coatings Company Limited ("Hempel")	Subsidiary of shareholder	354,367	264,283
Purchase of raw materials from YMTC	Associate	358	852
Purchase of steel products from KYH	Associate	-	61
		===========	===========

37 Material related party transactions (continued)

(b) Details of the balances with other related parties were as follows:

	At 30 June 2007 RMB'000	*At 31 December 2006* RMB'000 (audited)
Amount due from Florens	254,638	182,967
Amount due from COSCO North America	84,369	80,266
Amount due to Hempel	381,427	144,989
Amount due to KYH	461	-
Amount due to YMTC	1,030	1,184
Amount due from and loans to SKRE	62,732	63,375
Loan to NAT	4,748	4,892
	===========	===========

The outstanding balances with these related parties are unsecured, interest free and have no fixed repayment terms. No impairment losses for bad or doubtful debts have been made in respect of these loans.

(c) Details of key management personnel compensation is disclosed in note 9.

(d) As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at rates ranging from 10% to 30% of the salaries of the employees. A member of the plan is entitled to a pension equal to a fixed proportion of the salary prevailing at the member's retirement date. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Group's contributions for the six months ended 30 June 2007 were RMB115,453,000 (2006: RMB67,791,000).

38 Subsidiaries

Details of the Company's principal subsidiaries at 30 June 2007, all of which are unlisted, are as follows:

			Proportion of ownership interest			
Name of the company	*Place of establishment/ incorporation and operation*	*Particulars of issued and paid up capital*	*Group's effective interest*	*Held by the Company*	*Held by subsidiaries*	*Principal activity*
CIMC (Shanghai) Development Limited	PRC	RMB 204,122,966	100%	98%	2%	Investment holding
Shenzhen Southern Zhongji Containers Manufacture Co., Ltd.	PRC	US$ 16,600,000	100%	75%	25%	Manufacture of containers
China International Marine Containers (Hong Kong) Limited	Hong Kong	HK$2,000,000	100%	100%	-	Trading of containers and investment holding
CIMC Tank Equipment Investment Holdings Co., Ltd.	Hong Kong	HK$4,680,000	100%	-	100%	Investment holding
CIMC Holdings (B.V.I.) Limited	The British Virgin Islands	US$34,001	100%	-	100%	Investment holding
Tacoba Consultant N.V.	Republic of Suriname	SF3,000,000	100%	-	100%	Timber logging and trading
Qingdao CIMC Container Manufacture Co., Ltd.	PRC	US$27,840,000	100%	32.83%	67.17%	Manufacture of containers
Qingdao CIMC Reefer Container Manufacture Co., Ltd.	PRC	US$39,060,000	89.30%	21.07%	68.23%	Manufacture of containers
Shanghai CIMC Reefer Containers Co., Ltd.	PRC	US$31,000,000	72%	52%	20%	Manufacture of containers
Tianjin CIMC North Ocean Container Co., Ltd.	PRC	US$16,682,000	77.50%	47.50%	30.00%	Manufacture of containers
Nantong CIMC – Smooth Sail Container Co., Ltd.	PRC	US$7,700,000	71%	-	71%	Manufacture of containers
Nantong CIMC Special Transportation Equipment Manufacture Co., Ltd.	PRC	US$10,000,000	71%	-	71%	Manufacture of containers
CIMC Vehicle Group Co., Ltd.	PRC	US$60,000,000	100%	70%	30%	Investment holding
Shenzhen CIMC – Tianda Airport Support Ltd.	PRC	US$13,500,000	94%	24%	70%	Manufacture of airport ground facilities

38 Subsidiaries (continued)

Name of the company	*Place of establishment/ incorporation and operation*	*Particulars of issued and paid up capital*	*Proportion of ownership interest*			*Principal activity*
			Group's effective interest	*Held by the Company*	*Held by subsidiaries*	
Shanghai CIMC Far East Container Co., Ltd.	PRC	US$9,480,000	100%	60%	40%	Manufacture of containers
Shanghai Yulan Property Development Co., Ltd.	PRC	RMB5,000,000	100%	-	100%	Property development
Shanghai Fengyang Property Development Co., Ltd.	PRC	RMB30,000,000	100%	-	100%	Property development
Xinhui CIMC Container Co., Ltd.	PRC	US$24,000,000	70%	20%	50%	Manufacture of containers
Shenzhen CIMC Wood Co., Ltd.	PRC	RMB5,000,000	100%	-	100%	Trading of timber
CIMC USA Inc.	The U.S.A.	US$10	100%	100%	-	Investment holding
Manson Technology Limited	Hong Kong	HK$10,000	100%	-	100%	Investment holding
Shanghai CIMC Baowell Industries Co., Ltd.	PRC	US$28,500,000	81.58%	35.37%	46.21%	Manufacture of containers
Nantong CIMC Tank Equipment Co., Ltd.	PRC	US$15,000,000	100%	-	100%	Manufacture of containers
Vanguard National Trailer Corporation	The U.S.A.	US$10	100%	-	100%	Manufacture of trailers
Zhangzhou CIMC Container Co., Ltd.	PRC	US$12,000,000	100%	75%	25%	Manufacture of containers
Dalian CIMC Container Co., Ltd.	PRC	US$17,400,000	100%	42.53%	57.47%	Manufacture of containers
Ningbo CIMC Logistic Equipment Co., Ltd.	PRC	US$15,000,000	100%	25%	75%	Manufacture of containers
CIMC Vehicle (Shandong) Co., Ltd.	PRC	USD 18,930,100	87.01%	-	87.01%	Manufacture of trailers
Yangzhou Xing Hua Machinery Co., Ltd.	PRC	RMB9,910,000	75.53%	-	75.53%	Manufacture of trailers
Shenzhen CIMC Vehicle Sales Company Ltd.	PRC	RMB3,000,000	100%	1%	99%	Sales of trailers
CIMC Vehicle Investment Holdings Co., Ltd.	The British Virgin Islands	US$1	100%	-	100%	Investment holding

38 Subsidiaries (continued)

			Proportion of ownership interest			
Name of the company	*Place of establishment/ incorporation and operation*	*Particulars of issued and paid up capital*	*Group's effective interest*	*Held by the Company*	*Held by subsidiaries*	*Principal activity*
Qingdao CIMC Special Reefer Co., Ltd.	PRC	US$11,500,000	100%	17.30%	82.7%	Manufacture of containers
Taicang CIMC Containers Co., Ltd.	PRC	US$20,000,000	100%	50%	50%	Manufacture of containers
Qingdao CIMC Special Vehicles Co., Ltd.	PRC	RMB35,000,000	100%	-	100%	Manufacture of trailers
Zhangjiagang CIMC Shendayin Machinery Co., Ltd.	PRC	RMB144,862,042	97.05%	-	97.05%	Design, manufacture and sales of tanks and related equipment
Shenzhen CIMC Special Vehicle Co., Ltd.	PRC	RMB60,000,000	100%	-	100%	Manufacture of trailers
Guangdong Xinhui CIMC Composite Material Co., Ltd.	PRC	US$16,000,000	100%	-	100%	Further processing of timber
Zhumadian CIMC Huajun Vehicle Co., Ltd.	PRC	RMB105,340,000	75%	-	75%	Manufacture and sales of trailers
Shanghai Meiyang Real Estate Co., Ltd.	PRC	RMB9,000,000	100%	-	100%	Property development
Dalian CIMC Logistics Equipment Co., Ltd.	PRC	US$7,000,000	100%	50%	50%	Manufacture of containers
Innermongolia Holonbuir CIMC Wood Co., Ltd.	PRC	US$12,000,000	100%	-	100%	Further processing of timber
CIMC Australia Pty Ltd.	Australia	AUD50,000	100%	-	100%	Trading of containers and related products
Yangzhou CIMC Tong Hua Special Vehicles Co., Ltd.	PRC	RMB67,390,000	75.53%	-	75.53%	Manufacture of trailers
Shenzhen Southern CIMC Eastern Logistics Equipment Manufacturing Co., Ltd.	PRC	US$16,600,000	100%	75%	25%	Manufacture of containers
Tianjin CIMC Logistics Equipment Co., Ltd.	PRC	US$5,000,000	100%	50%	50%	Manufacture of containers

38 Subsidiaries (continued)

Name of the company	*Place of establishment/ incorporation and operation*	*Particulars of issued and paid up capital*	*Proportion of ownership interest*			*Principal activity*
			Group's effective interest	*Held by the Company*	*Held by subsidiaries*	
Tianjin CIMC Container Co., Ltd.	PRC	US$23,000,000	100%	50%	50%	Manufacture of containers
Shanghai CIMC Yangshan Logistics Equipment Co., Ltd.	PRC	US$20,000,000	100%	60%	40%	Manufacture of containers
Yangzhou Runyang Logistic Equipment Co., Ltd.	PRC	US$5,000,000	100%	-	100%	Manufacture of containers
Xinhui CIMC Special Transportation Equipment Manufacture Co., Ltd.	PRC	US$ 9,000,000	100%	75%	25%	Manufacture of containers
Yangzhou Xincheng Tonghua Trailers Spare-parts Co., Ltd.	PRC	RMB500,000	98%	-	98%	Sales of trailer spare parts
Yangzhou CIMC Tonghua Tank Equipment Co., Ltd.	PRC	US$10,000,000	100%	-	100%	Manufacture and sales of trailers
Shanghai CIMC Vehicle Logistics Equipments Co., Ltd.	PRC	RMB90,204,082	98%	-	98%	Manufacture of mechanical products and provision for logistics and related services
Qingdao Hengfeng Logistics Co., Ltd.	PRC	RMB20,000,000	80%	-	80%	Provision of container storage and related services
Shanghai CIMC Yangshan Container Service Co., Ltd.	PRC	US$5,000,000	100%	-	100%	Provision for logistics, repair and maintenance, and related services
Shanghai CIMC Logistics and Services Co., Ltd.	PRC	RMB500,000	98%	-	98%	Storage and transportation
Shenzhen Southern CIMC Containers Service Co., Ltd.	PRC	US$5,000,000	100%	-	100%	Provision for logistics, maintenance and repair, and related services

38 Subsidiaries (continued)

			Proportion of ownership interest			
Name of the company	*Place of establishment/ incorporation and operation*	*Particulars of issued and paid up capital*	*Group's effective interest*	*Held by the Company*	*Held by subsidiaries*	*Principal activity*
Domino Flatracks Limited	England	GBP100	100%	-	100%	Manufacture and sales of container components
Shenzhen CIMC Yantian Port Container Service Co., Ltd.	PRC	RMB12,000,000	55%	-	55%	Provision for logistics, maintenance and repair, and related services
Ningbo CIMC Logistics Co., Ltd.	PRC	RMB30,000,000	100%	-	100%	Provision for logistics, maintenance and repair, and related services
Creation Charter Limited	Hong Kong	HK$2	100%	-	100%	Investment holding
Qingdao CIMC Yulong Logistics Co., Ltd.	PRC	RMB48,780,000	59%	-	59%	Provision for logistics, maintenance and repair, and related services
Polyearn Development Corp.	The British Virgin Islands	US$1	100%	-	100%	Investment holding
Speedic Enterprise Corp.	The British Virgin Islands	US$1	100%	-	100%	Investment holding
Goldbird Holding Inc.	The British Virgin Islands	US$1	100%	-	100%	Investment holding
Shanghai CIMC Vehicle Testing Co., Ltd.	PRC	RMB1,130,000	98%	-	98%	Vehicle testing and related services
Dalian CIMC Railway Equipment Co., Ltd.	PRC	US$16,000,000	100%	-	100%	Manufacture of containers
Beijing CIMC Vehicle Logistics Equipment Co., Ltd.	PRC	RMB20,000,000	100%	-	100%	Manufacture of mechanical products and provision for logistics and related services
Shanghai Vehicle Sales Co., Ltd.	PRC	RMB5,000,000	98%	-	98%	Sales of trailers
Beijing Vehicle Sales Co., Ltd.	PRC	RMB5,000,000	100%	-	100%	Sales of trailers

38 Subsidiaries (continued)

Name of the company	*Place of establishment/ incorporation and operation*	*Particulars of issued and paid up capital*	*Proportion of ownership interest* Group's effective interest	*Held by the Company*	*Held by subsidiaries*	*Principal activity*
Jiaxing CIMC Wood Co., Ltd.	PRC	US$5,000,000	100%	-	100%	Further processing of timber
Yangzhou Tonglee Reefer Container Co., Ltd. ("TLC")	PRC	US$8,000,000	51%	-	51%	Manufacture of containers
CIMC Vehicle (Liaoning) Co., Ltd.	PRC	RMB40,000,000	100%	-	100%	Manufacture of mechanical products and provision for logistics and related services
Donghua Container Transportation Service Co., Ltd.	PRC	US$4,500,000	70%	-	70%	Provision for logistics and related services
Shanghai Dunhua Container Co., Ltd.	PRC	RMB6,000,000	63%	-	63%	Provision for logistics and related services
Maxshine Enterprises Limited	The British Virgin lslands	US$1	100%	-	100%	Investment holding
Tianjin CIMC Vehicle Logistics Equipment Co., Ltd.	PRC	RMB10,000,000	100%	-	100%	Manufacture of mechanical products and provision for logistics and related services
Yangzhou Tonglee Reefer Equipment Co., Ltd.	PRC	US$1,000,000	100%	-	100%	Manufacture of containers
CIMC – SHAC (Xi'An) Special Vehicle Co., Ltd.	PRC	RMB50,000,000	75%	-	75%	Manufacture and sales of trailers
Chongqing CIMC Logistics Equipment Co., Ltd.	PRC	US$1,600,000	100%	75%	25%	Manufacture of containers
Ningbo Vehicle Sales Co., Ltd.	PRC	RMB5,000,000	100%	-	100%	Sales of trailers
Gansu CIMC Huajun Vehicle Co., Ltd.	PRC	RMB25,000,000	75%	-	100%	Manufacture and sales of trailers

38 Subsidiaries (continued)

			Proportion of ownership interest			
Name of the company	*Place of establishment/ incorporation and operation*	*Particulars of issued and paid up capital*	*Group's effective interest*	*Held by the Company*	*Held by subsidiaries*	*Principal activity*
Xinhui CIMC Container Flooring Co., Ltd.	PRC	US$15,500,000	100%	13.35%	86.65%	Further processing of timber
Tianjin Special Vehicle Co., Ltd.	PRC	RMB30,000,000	100%	-	100%	Manufacture and sales of trailers
CIMC Vehicle (Guangzhou) Co., Ltd.	PRC	RMB15,000,000	100%	-	100%	Sales of trailers
CIMC Lingyu Vehicle (Luoyang) Co., Ltd.	PRC	RMB60,000,000	75%	-	75%	Manufacture and sales of trailers
CIMC Ruijiang Vehicle (Wuhu) Co., Ltd.	PRC	RMB70,000,000	75%	-	75%	Manufacture and sales of trailers
CIMC Yangzhou Tonghua Machinery Co., Ltd.	PRC	RMB15,000,000	90%	-	90%	Manufacture and sales of trailers' apartments
CIMC Vehicle (Fuyang) Co., Ltd.	PRC	RMB8,000,000	100%	-	100%	Sales of trailers
Guangzhou Tongyang Container Manufacture Co., Ltd.	PRC	USD6,000,000	100%	30%	70%	Manufacture of containers
CIMC Burg B.V.	Belgium	EUR60,000,000	80%	-	80%	Investment holding

39 Non-adjusting post balance sheet event

On 7 August 2007, the Group acquired 190.7 million shares of Enric Energy Equipment Holdings Limited ("Enric") or 42.18% of its total issued share capital, at HK$5.92 (equivalent to RMB5.73) per share for a consideration of HK$1,128.9 million (equivalent to RMB1,092 million) through Charm Wise Limited, the Group's investment vehicle incorporated in British Virgin Islands. Enric is a natural gas equipment producer, which engages in production of specialized gas transportation, storage and refueling equipment in PRC. Net profit and revenue of Enric for the year ended 31 December 2006 were RMB96.5 million and RMB769.9 million respectively.

40 Accounting estimates and judgments

(a) Key sources of estimation uncertainty

Notes 18 and 34 contain information about the assumptions relating to goodwill impairment and financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Warranty provisions

As explained in note 31, the Group makes provisions under the warranties it gives on sale of its containers and trailers taking into account the Group's past claim experience. As the Group is continually enhancing its product quality and launching new models it is possible that the past claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future periods.

(ii) Write-down of inventories

In considering the write-down that may be required for inventories, net realisable value of the inventories needs to be determined. It is difficult to precisely estimate the net realisable value because market prices for these inventories may not be readily available or may fluctuate at different points in time. The Group uses all readily available information in determining the net realisable value, including estimates of selling price in the ordinary course of business, costs of completion and costs necessary to make the sales.

(iii) Impairment losses for bad and doubtful debts

In considering the impairment losses that may be required for current receivables, future cashflows need to be determined. One of the key assumptions that has to be applied is about the ability of the debtors to settle the receivables. Despite that the Group uses all available information to make this estimation, inherent uncertainty exists and actual write-offs may be higher than the amount estimated.

(iv) Impairment losses for property, plant and equipment, goodwill and other financial assets

In considering the impairment losses for property, plant and equipment, goodwill and other financial assets, the recoverable amounts of these assets need to be determined through cash flow projections. It is difficult to precisely estimate the future cash flows because the economic conditions may fluctuate at different points in time. Despite that the Group uses all available information to make this estimation on a reasonable and supportable assumption basis, economic uncertainty exists and actual impairment losses may be higher than the amount estimated.

(v) Recognition of deferred tax assets

In considering the recognition of deferred tax assets, future taxable profits against which the asset can be utilised needs to be determined. It is difficult to precisely estimate the future taxable profits because the sale conditions may fluctuate in accordance with industry cycles. The Group uses all readily available information in determining the future taxable profits, including cash flow projections based on the financial budgets approved by the management.

40 Accounting estimates and judgments (continued)

(b) Critical accounting judgements in applying the Group's accounting policies

Consolidation of Shanghai CIMC Baowell Industries Co., Ltd.

Although the Group did not hold more than 50% voting rights in SBWI at 30 June 2006 and 31 December 2006, the financial statements of this company were consolidated in the Group's consolidated financial statements for the six months ended 30 June 2006 and for the year ended 31 December 2006. This is because the Group has the power to govern this company's financial and operating policies in accordance with the terms of the relevant profit guarantee agreement. The Group acquired further 34.21% shareholding interests in SBWI on (see note 4) 1 January 2007 and the Group then held 81.58% equity interests since that date.

41 Possible impact of amendments, new standards and interpretations issued but not yet effective for the annual accounting period ended 30 June 2007

Up to the date of issue of these interim financial statements, the IASB has issued the following amendments, new standards and interpretations which are not yet effective for the accounting period ended 30 June 2007 and which have not been adopted in these interim financial statements:

		Effective for accounting periods beginning on or after
IFRS 8	Operating segments	1 January 2009
IAS 23	Borrowing costs	1 January 2009
IFRIC 11	IFRS 2 – Group and treasury share transactions	1 March 2007
IFRIC 12	Service concession arrangements	1 January 2008
IFRIC 13	Customer loyalty programmes	1 July 2008
IFRIC 14	IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction	1 January 2008

The above amendments, new standards and interpretations were not applied in this interim financial report because the directors expect that the Group will not early apply them when preparing the Group's annual financial statements for the period ending 31 December 2007.

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

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

	Profit attributable to equity shareholders of the Company for the period ended 30 June 2007 RMB'000	*Total equity attributable to equity shareholders of the Company at 30 June 2007* 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